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ECONOMICS

BY

GARRETT BAXTER

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PREFACE.

The object and purpose of these pages is to combine the fragmentary ideas and principles of economics into a systematic and harmonious system. The economic theory of rent, as well as the economic notion of society, are advanced by entirely different authors, in entirely different forms.

So far as the writer is aware no other effort of the kind is made. Probably the cause is due to loss of the individual in the overwhelming shadow of monopolism. At any rate, no other effort seems to have been made in the direction of the economic character of the individual as only social being. The individual is the cause of social life in its origin, its existence and its prosperity, matters that are truly economic.

Is is not claimed that these pages are without errors. It is hoped these will go unnoticed as minor items in a larger whole.

CONTENTS.

Chapter i
The Idea of Wealth. 1
Chapter ii
Of Production. 4
Chapter iii
Of the best Condition of Production. 21
Chapter iv
Of the production of Utility. 32
Chapter v
Of the Cost of Production. 43
Chapter vi
Of the Conditions of cost of production. 66
Chapter vii
Of the production of Wealth. 92
Chapter viii
Of Capital. 111

Chapter ix
Of Individualism. 123
Chapter x
The Economic idea of Society. 137
Chapter xi
Of Relations. [illegible]
Chapter xii
Distribution. 172
Chapter xiii
Of Revenue. [illegible]
Chapter xiv
Of Variation in Revenue. 195
Chapter xv
Of Revenue and Capital. 200
Chapter xvi
Systems of Distribution. 234
Chapter xvii
Of Supply and Demand. 244
Chapter xviii
Of Money. 260
Chapter xix
Of Credits. 273
Chapter xx
Of the best conditions of Relations. 284
Chapter xxi
Of relations between Country and Town. 297
Chapter xxii
Of relations between Nations. 304
Chapter xxiii
Of Progress. 311

Page 116, 6, line from bottom of 2, paragraph, should read: forms of capital.

At page 309, line 9, from top of page, is an error. The matter should read: from the high to the low.

And the way the word whole, same page, is spelled, is one of the typographical errors that have been found unavoidable.

CHAPTER I,

THE IDEA OF WEALTH.

WEALTH is not a dream Neither is it altogether a matter of nature. If it were merely a matter of golden apples, or of nature, men could live without toil. But men have to work. They use the fruits of nature for the production of all the means of human welfare..

Indeed, if we picture nature with only brute animal life, we must plainly own that nature, without the arts of man, is very crude, limited in usefulness and not of much utility. In the crude and simple forms of nature, without the arts of human reason, exists very precarious means of human existence.

When we can picture no more than what nature yields in forms untouched by the arts of rational creatures, we can but picture life as groping in dark recesses of caves and living upon the most awkward forms of existence. With every eye turned upon every eye in destruction and consumption, then, of course, no forms of utility are created; and those forms created by the dynamic forces of nature, are not only not improved, they are consumed as a final act of consumption.

But nature has created something more than crude forms; for she has also created rational creatures, the noblest form of nature; and she has not only created this noble form, but she has also endowed this form with something nobler still, for she has bestowed upon mankind reason, that intangible power which designs, executes and transforms the crude and the awkward into refined forms suitable for the satisfaction of those wants accompanying the higher gift of reason. Man, indeed, unfolds the high qualities of his endowments in the variable forms he creates.

An article of nature is like an uncarved stone, rough, useless and of little value; but an article of human finish is like a chiselled stature, beautiful, useful and of considerable value. The subject of human reason, it reveales that higher gift of nature which is correlative with intelligent will. Nature, reason, will, the elements that make man superior to less endowed animals, are the elements that make man the power and force of great differentiation and characterization.

When we have the quality of human effort that perfects the qualities of nature, we may be sure that no condition may arise that may not ordinarily be overcome. If it be a matter of want and requirement, means are devised for the satisfaction of of those wants and requirements. Those who put forth efforts exert themselves not as struggling brutes but as rationaf creatures who may be expected to conquer all the elements that stand in the way. Not only will nuts be gathered, animals be caught and natural products in general be utilized, but all nuts and animals and nature in general, will be so utilized as to make them of greater usefulness than nature alone supplies.

And herein we note a very great difference between man and lower animals; for with man we observe the realities of reason in many forms,- forms that aid the efforts of men and multiply many fold the results of those efforts. With man we note the realities of advance and betterment of condition; but in the case of lower animals we only note that concontinuing condition which marks the absence of intelligence Like all animals, all of them move without calculation, plan or organization; but man, like each man, moves with premeditation, calculation and organization. He improves means and makes the future a matter of greater condition and greater welfare.

With reason and rational will, there is effective appropriation, intelligent manipulation and rational cooperation. The human creature is the architect of his own fate.

Not only is the crude made useful. the useful is so employed as to be most resourceful. From the less not only flows the greater, but that greater flows in such a manner as to leave each and all in a better condition than the previous condition; for it is plain that if men so exert themselves as to create the greater from the less in each case, and exchange the the results in every instance, all men must make wealth and the society must advance and improve in general welfare.

So it is manifest that man is the creature making out that condition which pronounces him a superior creature. Man, in fact, makes all nature serve his wants and better his condition.

CHAPTER II.

OF PRODUCTION.

HUMAN CREATURES are given to something more than crude wants, they are subjects of subsistence, refinements and pleasures.

To satisfy these various wants and requirements, men do more than merely gather what nature supplies, for they exert themselves in wise direction and skillful effort for the purpose of procuring all the means of satisfying all the varied wants of human creatures.

It may therefore be said that human wants are the cause of human efforts; for it is manifest and and plain that just as human wants exist so human efforts are exerted. Vital human action follows vital human needs and requirements. Whenever and wherever such condition exists, then there is human effort.

The rational creature, perceiving that nature alone fails to render sufficient means to satisfy his wants, and conceiving the means of modifying and amplifying the simple conditions of nature, so exercises his faculties as to assume a certain course, and follow certain lines, with a fixed end in view. This humman creature enters into that course of action which yields exactly what he feels in need of.

The powers of mankind are displayed in such ways and in such forms as to eminently display superior wants and superior direction. And while first forms may be crude and primordial, yet they evidence the reality of reason over matter and static conditions of nature. While the crude wants of crude men may be simple and far between, those wants are of greater significance and of greater quality than those of lower animal life. They are more varied and more complex. No matter how simple the wants of men may be, those wants imply more than bare acquisition and consumption,– they imply rational will and rational wants. With all the varied forms of nature, and all profusion strewn around us, there is never ready means of ready supply in the satisfaction of human wants. The thought and will of men are so engaged as to bend the gifts of nature to the wants of men.

Although human wants are the cause of human effort, yet it does not follow that all human wants are alike in kind and quality, and that all human effort is the same in nature and character. For it is a manifest thing that men of simple habits, and isolated condition, must always want less, and exert themselves less, than those within the circle of larger associations. Men of larger associations are men of greater contact with the wants and the ideas of men. Wants make for contact, contact makes for ideas and ideas make for variety. There is variation of wants, a variation in things made and a variation in efforts.

However varied may be the wants of men, effort must precede satisfaction. The crude isolation of the country, no less than the complex life of the city, all require human exertion before human wants can be satisfied. The rustic, who prods along the highway, must exert himself to consume an apple, just as the urban individual, who must turn a screw if he possesses the means of acquiring an apple. There are many forms of wants and many forms of efforts.

The fact of effort is the fortuitous fact of production. When efforts are devoted to the procuring of crude forms, already provided by the profusions of nature, there is the mere fact of acquisition. But there are many forms of nature requiring a great deal more effort. The endeavors of land tillage are greater than the endeavors of acquisition; and there are many forms of nature so crude, so bulky, as to be of no use, or of very little use, to men, without the necessary exertions of men in putting them into such forms as make them more useful in the satisfaction of human wants. When efforts are devoted to the use of these crude forms in the creation of other forms more useful, there is the art of conversion of forms of matter. In the creation of forms from crude forms of matter, then there is that art and skill that is plainly and distinctly creative. And this is true whether with reference to the tillage of the soil or with reference to fabrication.

But man does not create the substances of nature. He does no more than appropriate the substances and elements of nature In the fact of acquisition, as well as in the fact of manipulation, lies the unvaring fact of matter so employed as to make it useful to men. Forms of matter are so engaged as to make out utility.

Production is simply a matter of using natural substances and elements of least convenient form in the making of them into more convenient form. The crude forms of nature, being of less utility, are fashioned by the hands of men into forms of greater utility. There is the less, though it be an animal, a bundle of hides or a pair of shoes, There is the less, in each instance, made greater in each instance. There is the less and the greate , and this less and this greater, results from the application of human effort to things of less utility in the making of them into things of greater utility.

In the production of commodities, men acquire matter in one form and turn it into another form, Men assemble the bulky and the crude aud make of these more convenient forms of utility. Men assemble the seeds to be planted and use them in such a manner as to yield other forms of matter more useful and profuse. By various means and combinations, those forms of matter are fashioned and created which are effective in the satisfaction of human wants.

In production, one form of matter is used in the creation of some other form or forms. Forms give way to forms, disappear to reappear as other forms. In the production of commodities, there is the birth of forms. And while it is manifest and plain that forms disappear, it is equally as plain that they reappear in more convenient forms of matter. Men so engage the forms of matter of least use to them as to make forms of most use to them. No matter is destroyed. There is the disappearance of forms of less use and the reappearance of forms of more use. While this less in crude forms possess some utility, yet this utility is very limited. The fact of taking very crude things of little use to men and making them more useful, is the augmenting fact of taking the less, of little utility, and making of it the greater utility. There is conversion of the less into the greater, and, in doing this, there is the conversion of forms and the production of commodities.

And we may call this process consumption. The greater utility flows from the less utility through the consumption of commodities. This matter of production is that of changing matter, of disappearance and reappearance of forms. There is the consumption, the utilization, the alteration, the disappearance, of forms of the less in the making of the greater utility.

Consumption. in this regard, means the acquisition, use and combination ,by human effort, of things that are of less utility, in the creation of things that are of greater utility; and may be direct, as in the use of effort and the means ol supporting it; and indirect, as in the use of utilities in the acquisition and combination ol utilities.

In this consumption, human effort is the first element in time; acquisition is the second element in time; preparation for direct consumption is the third element in time, and so using utilities as to effect other utilities, is the fourth element in time. Production means the acquisition, the preparation, the combination of commodities., by human effort, of the less utility for the sake of the greater utility.

Labor, as the first element in time, in the production of utilities, is applied to natural substances and elements, as the less, and reappears embodied in the thing upon which it was bestowed, as the greater utility; and when applied to this greater utiliy reappears in the altered form of some other utility, greater because it combines both labor and materials. It is not less in utility because it is capable of employment by labor in the creation of other, more convenient, forms of utility. All that human effort consumed in the various activities of augmenting the usefulness of things, is human effort devoted to production. In the preparation of forms of matter, for either direct or indirect consumption. there is so much effort exerted as to make out the greater utility. There is greater usefulness because the desired combination is all the more appropriate in the satisfaction of wants.

In the production of commodities, man imitates nature; for man combines the less for the greater. And in this there is the exhibit of reason; for as there is rational form, so there is design and intelligent execution. There is the mechanical and the chemical. There is necessary proportion, in time and place. There are means to ends. There is due proportion, effective balance, and the reality. There is also art.

In human art, as well as in natural art, compensatory quantity and quality prevails. The effect is in proportion to the cause. The analytical results of things natural, shows proportion. And mankind follows the example of nature. In the synthetic endeavors of men there is always found, in any logical system of activity, those proportions that yield the objective of individual design and execution,-- proportion that meets and joins in that well balanced scheme of things that makes out what is contemplated and designed. There is just so much effort, and no more, as to make out the object of the will; for there is just so much will required for the object. There is just so much material, and no more, as will combine with the elmcnt of labor, and effect the purpose and design of the operation.

So much labor applied by men in acquisition, so much acquisition used by men, in preparation for direct or indirect consumption, so many things used by men in various means and methods of transformation and transmutation, means that utilization of the less, in labor, in acquisition, in preparation, in combination, that properly and consistently effects a synthetic process. This means that the elements necessary, in any instance of activity, are used as the lesser elements in the making of the greater. It means due application of effort and the use of proper means in acquisition: or proper labor, and the proper use of materials in preparation: or proper labor and the proper use of means of transformation or transmutation. It means, in any and all cases, the fact of effort and the fact of materials and the fact of any other means essential, including land, in those proportions and those designs which effectuate the object, and, of course, the compensatory quality and quantity of each element in production.

The creation of the greater from the less is not the effect of any one element alone. It is a matter of contribution by them all. Labor, alone, can not, create wealth; if it could, men would live without toil. While no things, suitable for the satisfaction of human wants, exist without requiring the efforts of man, yet those things exist without the efforts of men. Human creatures utilize these things, but the effort engaged in doing so is only part of the results. The satisfaction of wants, of course, follow not from inaction, but from action, and this satisfaction, of course, is not of labor alone, but of the various constituent elements composing the thing.

Human effort is a very great factor in the production of utilities. The perceptual faculties of men, observing the crude forms of things around them; the conceptual faculies of men, devising the means and methods of appropriation, and the making of greater use of things,as well as the instruments of augmeting human effort, effects very great consideration in the activities of production. The human subjective and objective, are the operative forces that make out the dynamic world of economic activity.

Human effort is devoted to the use of objects in direct and indirect consumption. In the case of of direct consumption. natural objects form a large part of what is consumed. In the case of indirect consumption, the thing consumed is more removed from the form of nature. So human effort is devoted to things partly formed by nature and partly formed by the efforts of men. But very many things are used indirectly that are not very far removed from crude conditions. Before these crude forms become the sudject of direct consumption, they are subjected to various treatments by men.

Yet, in every case of production, there is, in any well organized social system, a general direct and indirect movement in consumption. What is consumed while engaged in the production of commodities, is plainly the consumption of things necessary to live as well as things necessary to production. So while engaged in production men are constantly engaged in direct consumption while they are engaged in indirect consumption. Men must produce if they will live.

Indirect consumption precedes direct consumption. The efforts of men, devoted to the acquisition of crude forms but yield what is the subject of future consumption. Forms are prepared in one direction and are taken up for other activity in another direction. They move in various ways and various forms from the crude to the finished, for ready use, to the end of all production.

Consumption, practically speaking, means production. For the fact of combination is the fact of use, conversion; and when by indirect cousumption means the dependence of element upon element. There is the requirement of land, of materials, of labor, and as these combine and form a kind, this kind enters into combination with other labor and other kinds.

In the production of commodities there is always labor, materials and requisite means and methods. In modern methods labor confines its operations to comparatively few operations at any one time. There is always material partly finished, ready to be worked up by labor, and labor always ready to be employed to combine unfinished material. There is always a combination of effort, materials, skill, means and methods, in the production of that which is to be consumed by others,– of forms for use in direct or indirect consumption: always the other thing; in direct consumption, because men are employed dependently; in indirect consumption, because men make only part of a kind. There is always the less ready for use in the making of the greater thing.

The other producer takes what comes to him from other sources as a matter of need and requirement. He takes them because they are the less to him and may be readily used as means of producing things in his regular line of endeavor. And as he is thus engaged he is turning out the less for some other producer.

In production, then, combination is carried on in such a manner as to make production a matter of requirement, whether it be of the crude, of the.partly finished, the finished, few, many, little or big; and the crude, the finished or the partly finished, by human effort, are joined together as the less in the creation of the greater objective thing.. Labor and materials, and all the necessary elements of production, whether finished or partly finished, are duly merged into the desired form of utility. By such means, the few becomes the many, the many the few; the little becomes the big, the big becomes the little; the less becomes the greater, the greater becomes the less. A tree becomes lumber, and lumber becomes furniture. It yields many boards, and many boards become few things of comfort, convenience; as furniture, fixtures, products greater than any constituent element of either. The final thing represents not one article alone but the element of tree, of labor, of lumber, of means and methods. And furniture, of course, may become the subject of utility by furniture merchants and subsequently of direct consumers.

It is always a matter of synthesis. There is always materials coming from other sources to be operated upon by individual effort. There is always the advancement of materials for direct and indirect consumption; and there is always a combination of these materials with labor and the essential elements of production,

The other producer takes what comes to him from other sources as a matter of cooperation. He accepts them because they are the means of producing those things that are the object of his particulur line of activity. And as he is thus engaged, he is making what is required by others in their own spheres of activity.

This assemblage of the means of production within the fold of an enterprise, is essentially a prerequisite of any favorable and consistent method of production. For thus there is alway to be found the ready labor, tools, materials, and all the means and methods of combination.

One enterprise, at one time, and one place, comes to anticipate the wants of another enterprise at another time at another place. And here, it is plain, is a case of kinds and parts of kinds for the production of kinds and parts of kinds. There is a befitting cooperative endeavor of dependent producers, each of whom is engaged in the satisfaction of the wants of each. A finished shoe, properly spaking, represents a greter variety of activities than those pursued by the final producer; for the constituent parts of a shoe are supplied by variable producers located in variable localities engagd in the production of the different parts of shoes. Each part comes as a peculiar kind requied for the production of something dependent upon them. And in every instance, former labor, former capital, former human skill and system, devoted to the production of a kind, joins in the yield of the particular kind produced. The finished thing is the result of necessary cohesion and adhesion because it is dependent for completion.; and it goes forth as an elemental less for the satisfaction of the requirements of others engaged in the production of something greater.

We may therefore say that the production of commodities is a synthetical fact of cooperation. It is the great fact of the various kinds of the less losing identity in the greater representative of them all. From the tanner to the leather dealer; from the cotton producer to the cloth maker; from the producer of shoe linings to the producer of shoe tops, there is that synthetical operation which results in the proper and worthy representative of all that is embodied in the shoe. It is resolvable into all the constituent elements of the product.

Whether it be a matter of wage earners, whose efforts are measured by fixed rates; whether it be a matter of the unit enterprise advancing the materials of consumption, there is that assemblage of the less, in varied forms, from varied sources, which facilitates and accelerates the production of the greater thing. The genus and the specie follow each other in rythmical order; for the genus, a combination of the species, becomes the species of some other product. The genus dye-stuff, is composed of various elements, but the genus dye-stuff becomes the species of the product indigo. The genus cocoa is made of the cocoa bean, and the species are chocolate, cocoa butter, and many other delicious things, distinct elements of production, in proper rotation and gradation. The genus woolen goods is turned from wool. and other elements, and the species are cassimere, broad cloth, and other vuluable commodities, distinct elements of consumption for those engaged in the production of many things. It may be observed that there are instances in which the genus becomes part of a genus, as the instance of blowing steel, and, also, the drawing of bolts from bars of iron. But there is still independent - dependent endeavor in the making of the greater from the lesser utility. The synthetic activities of the tiller of the soil consists in the procuring of labor, the purchase of seeds, the assembling of such elements as fertilizer and manure and the purchase of inplements essential to his industry. He assembles these various elements of the less as they come to him from various sources of particular endeavors, and so employs them in his own line of endeavor as to effect the various odjects of his enterprise. With the help of other men and the use of other products, he so manages labor and capital as to yield the effects of his own particular line of activity. Former labor, former materials, joined with present labor and present materials, are made to yield other materials for use by other labor and other materials in the produtcion of other commodities.

Serial production may be well illustrated by the textile industry. This industry takes the raw cotton of the tiller of the soil and turns it into yarns. Yarns are used in producing various other kindred or allied commodities Labor is then employed, in its peculiar sphere, with its peculiar means and methods, and sends forth the materials to be used by the producer of clothing. The producer of clothing cuts his cloth into many varied forms, and joins labor and materials as the tailor, who makes out utility in the form of clothing which is used by clothiers in the creation of utility for direct consumers. And it may de said that in the matter of genus and specie, there may be mentioned cotton seed oil which may be used alone or in the prodtction of various intermediates, from which may be produced many refined commodities.

It is obseved that particular endeavor results in particular kinds of things, and that there is consequent independent-dependent industry. It is very plain that particularism means dependence, that dependence means cooperation and cooperation means advantageous kinds in the production of kinds. It is a case of doing what is best under the best circumsatnces. It is, indeed, the making of commodities by many at the same time in the most expeditious and effective manner. The all-round producer may, of course, go a great way in the production of commodities, but when he goes beyond a certain point, he encounters those complexities that demonstrates ineffectiveness. He is practically an isolated actor. He endeavors to do every thing, but he achieves very little, Men of particular habits possess particular skill and knowledge, Engaging particular means and methods, they are always making things for others; but as each is engaged in doing the same thing, all make out very great results. In particular endeavor, the hand that guides the modern stitcher, achieves a great deal more than the ancient clothier-tailor; and others are, in consequence, able to achieve more. A modern printing press is a wonderful machine; and so is the operation of it.

So we have here a system that not only advances the ability of men, but we also have the augmenting fact of appropriate means and methods. The appropriate endeavors of men yield appropriate means and methods.; and men use these means and methods as appropriate means to approptiate ends. In the production of silk, the labors of men are greatly augmented by the use of appropriate means and methods. By such a course raw silk is easily manipulated. The results are just as easily manipulated. In the cotton industry, very agreeable results are made out with minimum consumption of materials and labor. The gin takes the fiber from cotten; and this special endeavor accelerates labor and augments the results of operations in the ginning of cotton. The process of chemical preparation, of spinning, twisting and winding into yarns, makes out appropriate means and appropriate ends. Weaving yarn into cloth, in the use of modern machinery, effects marvelous results in the production of cloth. The same principle holds in the production of clothing. In this field of operation, cutttng, stitching, and all the elements of clothing production, are made highly efficient and very effective.

In particular endeavor, there are three distinct stages of finish, in the production of any commodity. In the production of paper, for instance, crude wood is ground into pulp; this pulp is bleached by being carried through vats containing certain chemical preparations, and this bleached pulp is subsequently spread upon beds of netting which results in the finished product paper It is very plain that the elements of production, in the making of paper, as well as in the production of any thing else, consists in appropriate labor engaging appropriate machines and tools in the particular conversion of particular kinds into particular kinds. In the production of bolts, ingots of steel are produced; these ingots, by the use of labor, tools and machines, are subsequently drawn into rods, and these rods, by similar means and methods, are carried through machines that turn out completed bolts.

But it is well to point out along here what is a manifest thing; that these three lines of endeavor, in the production of a thing, have each their own subsidiary endeavors. The process of plate making, in the art of printing, is by no means an easy thing, It involves the setting of type, the impression on the matrix and the moulding of the plates. And the printing of the pages is not less difficult, for here is calculation and arrangament that delivers a completed thing. In binding, there is the course of stitching, of pasting, and covering and backing. There are activities that must be very exact and very accurate; and there are others that are very delicate and very tedious.

The advantages of such a system of activity are enormous. In the production of shoes, for instance, the indirect producer does not confuse his endeavors with the production of leather; and the producer of parts does not include too many in his list. There is limitation by facilitation. And there is standardization. Standardization means the largest possible results from given operations.

In the effective use of the elements of production, the synthetic activities of men are made to fit all the requirements of all the varied activities of production. The miner; the tiller of the soil; the producer of intermediates; the finisher; all in their respective spheres; are well prepared to do their part in production.

It is by such means that the efforts of men are most fully extended and utilized. The labors of the toiling man; the labors of the chief, in the direction of his enterprise; the labors of the philosopher, of the scientist, of the teacher, are all brought into full activity.

CHAPTER III.

OF THE BEST GONDITION OF PRODUCTION.

WHILE ONE MAY amuse himself to a very great extent in an isolated condition of life, his amusements are very expensive. While one may provide himself with conveniencies of a crude and simple form, yet he provides himself with comparatively little; and he consumes nearly all he provides. In the trapping of animals, or the catching of fish, there is not much more, if any more, than simple existence requires. Endeavor and meager existence follow each other in very close order, for nothing at all is left over from the time and labor spent in such crude activities,

This crude condition of human life is nothing more than a condition of struggle. In this cude state of mans life, there is no such thing as means and ends. Men attempt to do all and little consequently exists to be done. When cude, all round endeavor is the prevailing form of human activity, there never can be any more than crude conditions of existence, without any pretense of convenient subsistence.

But when crude conditions of life give way to crude means of activity, then the rude condition of life is somewhat improved. However crude those means may be, they accelerate and extend the efforts of men, and leave more effects of toil. By such means, existence does not follow human effort in such close order. Very little advance in the means of human activity effects very much in many directions

And there is further advance in the effects of human effort when human thought improves the means of activity Indeed, so much more may be achieved that men come not only to devote time to the making of means of activity, but also come to follow more particularly the activities of acquisition and to leave the work of preparation to others; thus beginning, in a rude way, the particularization of human endeavor.

And there is still further differentiation of human activity when a further step forward is taken; for manifestly, when men begin to keep cattle, the pastoral marks a well defined line of activity. The pastoral is a distinct line of activity from the activities of hunting or fishing. There is still more advance, in the existence of settled habits of life and the cultivation of the soil, But it is a crude differentiation that is thus created, for men have no adequate mean of activity in this arduous field of toil; on this account nomadic habits have not ceased.

Men come to further improve means of action; and to create other means of doing things. In course of time, other lines of endeavor are followed. Means of land tillage are improved and extended.

Settled habits take the place of nomadic habits. Not only do men engage in the pastoral, but they engage in regular lines of fabrication, which vary as the habits of endeavor vary. It is village life.

So we have here a very plain demarcation of human endeavor The endeavor devoted to the procuring of things from nature, whether by acquisition or by transmutation, is very much unlike the endeavor devoted to the preparation of those crude forms. In their nature and character, hunting, fishing, herding, tillage, mining, are original sources of natural supply. When the tiller of the soil, the herdsman, the huntsman, fisherman, the miner, carry the results of their endeavors to town, they but recognise the fact of differentiation in production. They necessarily recognise the utilizer of products of the soil, of the herdsman, of the huntsman, of the fisherman, of the miner, in the preparation of food stuffs, of clothing, of the means of utilising things. It is plain when activities follow well defined lines of production, there exists particlarization in the activities of production. "Let us suppose three islands like Gran Canary, Tenerife and Lauzerate, in the Canaries, to be quite cut off from the rest of the world. Let Gran Canary be inhabited by grain raisers; Teneriffe by cattle raisers, while the population of Lauzerate (which we may suppose to be utterly barren) consists of carpenters, woolen manufacturers, and shoe makers. The facts of daily experience teach us that the people of Lauzerate could never have existed unless they came to the island prepared with a stock of food stuffs; and they could not continue to exist unless that stock, as it was consumed, was made up by contributions from vital capital of either Gran Canary or Teneriffe, or both. Moreover, the carpenters of Lauzerate could do nothing unless they were provided with wood from the other islands; nor could the wool spinners and weavers, or the shoemakars, work without wool and skins from the same source." This broad outline of the division of labor is plainly observed in the case of Britain, devoted to manufacturing, and drawing crude products from other states, as Australia, India, the United States.

As a general thing, those states leading in the manufacturing arts, are states that are dependent upon the products of other states for the raw materials consumed by them. Michigan, a state devoted largely to the manufacture of automobiles, not only depends upon other localities for the raw materials thus consumed, but also for products in direct consumption. And the state of Ohio, manufacturing wagons and carriages, depends upon other localities for raw material.

But wherever located, producers of raw material are dependent upon producers of fabricated things. These valued producers, in this valued system of activity, look elsewhere for very many articles of food they consume, for the clothing they wear and for the means they employ.

Instead of all round endeavor, wherein many different things can not be produced so well, there is particular endeavor specialising, to an extent, in the kinds of things produced. Here is production according to the augmenting arts of men on nature and the special facilities nature is made to yield in the arts of fabrication. The activites of men are made to produce more than could otherwise be produced. Those who devote themselves to the objects peculiar to their line, make of themselves a ready hand, capable of that application not otherwise possible. Such men possess in themselves much that is of value,

Such a division is plainly in full accord with the historical rotation of production; for manifestly the age of hunting was preceded by the pastoral; and the pastoral by land tillage. Fabrication was preceded by crude methods of preparation. These crude methods gave way to specialization of endeavor. As settlement in village life gave way to the town there arose requirementa of the town; and as cities followed towns, so other requirements also followed Greater requirements of cities and towns was followed by greater activities of the country. All these requirements necessarily meant particular endeavor in special lines of production. As may be well supposed, with adequate means of moving men and things, variations of climate added variation to production. All round production declined.

With reference to the country, it may be said that individuals engage in particular lines of endeavor. While some things, such as cheese, cider, butter, and the like, may be produced in both country and city, yet this interlapping decreases as cities grow in size and numbers. The tiller of the soil, like the city fabricator, will not multiply his kinds because he achieves a great deal more by confining his activities to the production of only a few things.

And in the case of cities and towns, all the energies of these urban areas, are devoted to the preparation and combination of things produced in the country. It may sometimes be a difficult thing to draw a fixed line of activity between country and city on account of the difference between preparation and combination. In crude preparation there is not much change of form. In the fabrication of commodities there is very much change of form, requiring many different things. It may be well to indicate along here that there are three grand stages of production, namely, acquisition, preparation and combination, The fact of lumber is the fact of the acquisition of trees, of the prepartion from these trees the logs that are used in the production of lumber. But the acquisition of the tree is a country endeavor, the utilization of it, an urban endeavor, while the making of logs may be one or the other. Of course the making of sash, doors, furniture, and all the things made from wood, is the expression of urban art.

In the cities and towns, we obsevre the furniture industry, the clothing industry, the provision indussry, and the like. Men follow definite lines of activity as an expression of choice and training. But they follow lines that are dependent, and that for every thing they consume; just as country producers are, for they are capable of no complete satisfaction.

And there may be mentioned territorial variation in production. As before observed, there are areas that are particularly appropriate for the production of special kinds of commodities; as, for instance, in the United States, the cotton area, the wheat area the potatoe area; and in various countries producing various kinds, some of which can be produced no where else. Particular soil and climate, yield particular kinds of things. And the variation of seasons over the earth make it possible to procure commodities that are being produced, while the demanding community cannot produce at all, owing to change of season. This territorial variation also exists with regard to cities and towns; for cities are noted for some things and others for other things; some for the artistic jewelry produced, and some for the attractive apparel in which they take so much pride. They differ in kinds produced and in habits of endeavor.

Besides the broad outlines of industry as made out in the case of country and town, territorial division and broad divisions of activity in both country and town, there may be mentioned division of activity devoted to particular species of those country and town divisions of labor.

For as it is a matter of mutual aid men find in the pursuit of special lines of production, it is manifest that the benefits of such an agreeable system must grow and expand. And they will grow and expand, making the people prosperous, and the state wealthy, when there is every invitation to dependence, fortified by trust and the logical ability to make effective demands. When the consequent relations ol men are held as free and fluent as the extent of demands admit, then the scope of human activity must be great indeed.

This cooperativa system may be advanced in the tillage of the soil by the arts of gardening. In the vicinity of cities or with consistent means of reaching centers of consumption, gardening may be centered upon the production of particular kinds in each instance of individual endeavor. The effect of this concentration of effort is that greater results are made to flow from the activities of production than would otherwise flow from them. Men become intensive in their efforts and very efficient in management. There is the same effciency when the same system is applied to trucking In this sphere of endeavor, men confine their activities to few kinds of products. The same holds all the more as to the field of farming. The condition and character of the manufacturer is none the less efficcient if he is more special than general in his endeavors In this field the memorial of greatness lies not in phantom dreams, but in commanding power. And this power arises not from scatering endeavor but from the concentration of effort and industry. Only by concentation is it possible to make the greatest possible economies in the greatest possible scope of human endeavor. Whether in the production of intermediates or the finished thing, men who do not embrace too much in their perspective fields of activity, effect much more than those who attempt to combine either two or all three of the different stages of production, or endeavors to embrace many of the allied kinds or too many parts of the genus The milling industry, in any well ordered system of production, will always be a distinct industry in every instance. So will the baking industry. It will neither endeavor to interlap nor to include varient kinds. Just so long as producers confine their activities to special lines of endeavor, just so long, and no longer, will each cooperate with each in the production of commodities.

Thus we see how the tree of human activity, represented by material things, grows and branches out; grows and branches in a natural as well as in a logical form; natural because it combines all the dependant elements of the whole, logical because it includes all men. All the labor of all the people of the community, is active in the production of the various kinds of things that are consumed.

Cities, in this arrangement of production, affords a rich field for development. There exists easy contact and contract. Men are in close relations and convenient exchange of ideas Wants are multiplied by wants. Particularism expands, and men are alwys active in some special line of independent - dependent industry. Such a mingling of kinds makes for the extension of independent endeavor producing a kind or part of a kind in a dependent manner. Shoes are produced in parts; one producer devoting his energies to the turning out of findings, another to the production of cut stock, another to linings. Brass goods may be a genus and there may be the species of rolled sheets, of castings, of finishings, each made in part or in kind by individual producers acting in their respective spheres of endeavor. Binding sketching, paper handling, printing, in the making of books, marks the reality of advantage in a system of special endeavor.

Very plainly, this system of production means production by the individual engaging as a unit in the field of production. Production by th e individual does not mean production by the individualist; for it is manifest that the production of things by kinds and parts of kinds, is dependent upon the other parts of of other producers. Hugh establishments, embracing various endeavors, diminish, rather than advance, the division of labor. Land tillage, during the middle ages was individualistic; but it was also crude and without variety. No great wealth; no great activity, characterized that system. It gave way to the individual system then prevailing in the towns.

In the making of paper, the broadest lines of the division of labor, when bent to the interests of individualism, advance no real, enduring interests. The art of preparing the pulp, is one of those lines of activity characteristic of the business, and might well be carried on by the individual unit producer. Rolling this prepared pulp into finished paper, is a line of work somewhat different from the art of making the pulp, and should properly be done by the individual as a unit producer. The mechanical part of paper making may well be done by one enterprise while the chemical part may be done by another. And it may be said that the finishing of paper is an art which deserves specialization. The cutting of materials, the stitching and making up, the finishing and last touches, are so different as to supply different sources of enterprise to clothiers.

It must be self evident that the only consistent system of human activity is the individual unit The individual is the final subject of wants and satisfaction, direct and ultimately indirect. The full activities of men require that the individual prevail; for it is only thus that consumption and production may move on any plane of equilibrium.

An author says, "when men labor reciprocally for one another, every one can devote himself exclusively to that occupation for which he is fitted, whether from his natural disposition, or from fortuitous circumstances. The hunter, the fisherman, the sheppard, the laborer, the artisan, doing each a single thing, becomes more akilful, loses less time and has more success." In each instance there is interposed ability to do and demand. Each individual is a treasure of wealth, and each a companion of that wealth.

CHAPTER IV.

OF THE PRODUCTION OF UTILITY.

THE PRODUCTION of commodities is best carried out by that division of endeavor which makes out the opportunity of the individual as an independent unit enterprise.

Any intividual system of social life, men will always be dependent upon each other. All engaging in varient activitiy, producing different results, necessarily depend upon each other indifferently; and being indifferently dependent, require things and create what is required,

Production is by no menas a consideration of any one element produced by any one individual; it is an all essential consideration of all the elements of any synthesis, and, being such, it is a consideration of requirement for all the essential elements of production. Labor is not only dependant upon other labor in the making of commodities, but it is also dependent upon commodities produced by other endeavors. Capital is not only dependent upon other capital, it is also dependent upon other labor. Land is not only dependent upon labor and materials, but also upon the means of subsistence for those who cultivate the soil.

The variable nature of commodities, produced by a variable system of production, makes out requirement. What is produced by one is an elemental less for use by another in the making of the greater. No synthesis is possible without the lesser elements. There is requirement; and this requirement is a matter of use of things in production. The fact of dependence is the fact of utility.

There is demand for the less by the tiller of the soil of the elements required for the endeavors of cultivation The greater thing for him is what he turns out as the chief object of his endeavor, wheat. And this greater utility, wheat, through the demands of the miller for wheat, a commodity that is less for him, is required in the production of flour. Flour is required by the baker for he produces bread, required by the shoe makers, the clothes maker and all those who toil. The toiling man finds the less thing for him to be the pursuit of habits in customary endeavor; he finds the greater thing for him to consist in his reward, the source of all direct consumption. The potentiality of the less is in the requirements of the greater. The greater, combining land, labor and capital, comes as the greater in utility because of greater quality capable of greater use by others.

When things find use by man in the arts of production, that moment utility begins. Nor can it make much difference what they formerly were; for if by any means man has use for them, then what was formerly useless becomes useful. Even the skins of animals that are useless may become useful. It can make no difference whether the thing be air, water or sunshine; whether it be sand, clay, bog and all such kindred things, the fact of the use of them is the fact of demands for them. Use is synonymous with consumption, Greater things, like bigger things, flow from the consumption of the little and the less. Air, used as means of power, may be consumed in being so concentrated as to effect very great utility, and be in very great demand; as in the use of power for the operation of brakes, or the use of it for purposes of ventilation, or as means of operating machines. Water, with the aid of the hydraulic press, pours out wonderful powers. Flowing through conduits, copious streams from primeval forests, are made to supply the urban wants of thousands. Arid regions of the western states of America, clothe their barren surface with water stocked and stored from wells and floods. With regard to sand, bricks, tiles, glass, are evidences of the ample use to which it is put. Clay is made into roofing, conduits, filters, pottery, porcelain and many other useful articles. Bogg may be so used as to possess demands. Sea weeds may be used in the production of iodine or potash. Fish, free to all alike, become of particular utility when caught and made to serve the various wants of mankind.

Some things have no original limit of supply; some have; but all of them are alike in so far as use and demand is concerned. Water is a very great utility; and so is the utility of air, and sun light and soil, and all the substances and elements of nature,; but all the substances and elements of nature, are so great in volumn as to posses no particular utility until particularly appropriated for particular use by man. Engaged by the arts of men, in direct and indirect consumption, they come to be in demand no matter how much used in common, and no matter how volumnious in quantity.

Indeed, the utility may exist while the demand may not. A supply without demand is a supply in volumn and quality not estimated in consumption and production. Streams may flow and yet not turn a wheel; coal may line the mountain sides and never yield a pound of steam or afford a moments comfort. Fields and factories, inventions and discoveries, may come to possess no utility and demand. On the other hand, nothing else can be so beneficial to land as the bakery, the cannery, the textile establishment, and all such enterprises. And all these enterprise, thrive best when tillers of the soil, and men in geenral, are active in consumption and production.

When consumption is devoted to the production of commodities, there is utility in demand. Some, in the pursuit of their endeavors, appropriate the streams for the sake of power; some use the air as means of their efforts; some are dependent upon water; some upon water, air and coal. If so used there is effective demand. Sand, clay, and the like, used in the production of various things, are in effective demand. For the making of commodities they become utilities.

So it is plain that utility is a master of use and a matter of mutual demands. If men live a simple mode of existence, there is use for little and that little is so made as to create few demands. Simple wants are satisfied by simple efforts. Dependent production is not extensive. But when production is by the dependent individual, there is such a manner of production as require other means and other methods. Of course the labor of men, the land of men and the capital of men, are in active demand.

So we may say that value and utility flow from use and demands. Utility follows demand, and value follows dependent production. Each is in mutual demand; each is in mutual estimation. A source of value, of increment, lies in the wants and demands of the various tillers of the soil. And so with regard to manufacurers. And the same is true with regard to merchants, who produce no more than utility, since they effect no change of forms. Merchants effect utility by the distribution of commodities finished in variable and distant communities, and thus aid in effectuating demands and promoting values. Direct consumers find their greatest interests in the multiplicity of merchants upon whom they may depend while engaged in various endeavors.

Utility may be created on account of the existence of certain lines of activity. Demands for a kind may come to exist, and use for labor, for materils, for the instrumentalities of production, will follow. So will demands for building sites. Forests, untouched by the hands of man, may be utilized to satisfy the requirements of some new enterprise in the field of endeavor. And it may be that some new product of the soil may be called into use. So may some particular quality of soil. What was not in use before is called into use by the use of something else. Old materials, formerly of no use at all, may become of some use to everyone, when any one starts something else requiring the use of old materials. Old tools, old machines, old discarded processes; old forms of short lived styles, may be revived by the dynamic forces of utility. With regard to waste, new lines of activiy prove what was formerly useless to be very useful.

Some of the greatest inventions of modern times originally found a very difficult road to public recognition; but when once recognized, those inventions not only carried with them the production of the new kinds invented, but also the production of many other things hitherto never produced. The requirements of the arts of printing are greater with inventions than without them. The telegraph, the telephone, the typewriter, type setting machine, are splendid examples of the way in which inventions effect an extension of utilities, From the premises of a new thing goes forth many other things, not directly, indeed, but indirectly, spreading out in many directions., creating new utilities and demands. A new product is henceforth recognized in the relations of men. Durum wheat, becoming a regular semi-dry land crop of the middle west of America, effected the establishment of new industries. In the production of sugar beets, a whole series of new utilities flow. Nitrogen, produced from air, is followed by new utilities. Fine pottery-ware requires those finer grades of materials not otherwise in demand; for instance, the four classes of material used, as plastic clays; glass forming material; flint and quartz, and the materials for coloring. In the production of those great conquerors of toil, the modern tractor, there is assembled the effects of new labors in new fields of untouched industry; which is true, of course, respecting the mortor car, with its train of new means and methods.

Just as there may be created some value over no value by the use of things formerly not in use, so the greater use of things already in use, makes an increase of values. What is already in use may be augmented in demands by the introduction of new processes of production. Rubber, before the advent of the mortor car industry, was of less use than present use. The new industry of mortor car making increased the use of rubber, and, of course, the demands for it. And Marshall refers a case to the art of printing: "Every improvement and cheapening of the art of printing," says he, "increases the demand for the judgment and discretion and literary knowledge of the editor, for the skill and taste of those who know how to set up a good title page, or how to make a sheet on which an engraving is to be printed. It increases the demand for the gifted and highly trained artists who draw or engrave on wood, stones and metals, and for those who know how to give an accurate report in ten lines of the abstract of a speech that occupied ten minutes. And, again, it tends to increase the work of the photographer and the electrotyper and stereotyper, of the makers of printers machinery, of many other who get a higher training and a higher income from their work than did those layers on and takers off, and those folders of newspapers, who have found their work taken over by iron fingers and iron arms." And it may be said that the use of the hoop saw, not only augments the labors of those who cut boards, but also augments demands for raw materials, and all the elements of lumber production. The use of the ginning machine made out greater fields for the use of cotton.

Manufacturing is extended by such means; for as there are the machines so there is the use of them; and as there is the use of them so there is the use of means for the making nf them. And as there is the making of them there is called into use all the elements of land, labor and capital, in greater variety and quantity.

It is manifest and plain that with increase of demands go increase of utilization; and that with an increase of utiltzation, go an increase of use over former use. The creative quality of human reason yields to man abstracts and realities of very exsensive means of relations. The streams of ideas and ideals that flow from man to man, in concrete forms of things, are but reflections of the arts of men in the realm of extended combination.

If manufacturing and merchandising increase in a city, one of the effects is an increase of demands for factory sites, which may, also, result in an increase of demands for building lots. The same is true with regard to building cites for residential, mercantile or manufacturing purposes. Of course demands for land may flow from sentimental considerations. Whatever effects demands, such as social, sentiment al influence. may plainly effect demands of land for residential and social purposes, just as whatever effects the demands for business purposes, in the form of sentiment and social estimation, may effect the demands for land to use for mercantile or manufacturing purposes.

If manufacturing and merchandising increase in a city, another effect is an increase of land tillage, and this increase of land tillage may have the effect of increasing the use of land. Yet it may be that demends for purposes of t illage are advanced by considerations of developments in the immediate neighborhood. Improvements ,alone, cannot effect demands for land used in tillage. Were improvements conceded the cause of increments for such land, inferior lan ds would be made to pay rent upon a basis of value which contiguous land effects, while that inferior land may be without fertility of production; and, in consequence, not of sufficient productive powers to support the cultivation of it. With the productive arts of man, demands for commodities will always increase to that extent which justifies the cultivation of inferior lands. Larger demands for products effect larger demands for land, and the consequent values support the cultivation of that land. That land never before in cultivation is viatlized by vitality of demands for consumable commodities. It is remarked by Marshall that lands unsuitable for the production of most any other crops are impressed with utility by demands for rice and jute. And thus we have it that demands effict demands, and increase them, in many directions; for land of some utility is made of greater utility by greater demands for other things.

It is observed that utility is the effect of demands; and it is plain that these demands are caused by units of kinds being made by the individual unit enterprise. Men produce only a kind or part of kind; they require kinds and parts of kinds. The fact of it is that production is an interesting case of interdependence and relations as elastic as the wants of men. It is a case of production according to wants of men and is the fact of variability according to the forms, wants and the tastes of men. The spread of production is a very prolific thing. In the form of finished things, all raw material comes to interlace and intertwine in the expanding role of production; all articles of trade comes to be related, and all labor comes to be dependent.

Men begin activities with little activities and come to greater activities, Employment of men in various fields of activity soon follows. Land, labor and capital fall in line with the advance of varied activity and utility. Old means; old methods, inferior means, inferior methods, are thus brought into use. While superior means and methods may be given priority, yet inferior means and methods are given an increase of use and utility. Inferior men, inferior materials, inferior land, are all brought into new use or into greater use, by greater demands.

When use exists, demands also exist; for there can be no use, in an individusal system of productionf, without demands When such demands exist the utillty will justify the production of the thing demanded. It will do so, because the demand is for uility. Demands call for the things, and the means and methods follow, supported by the extent of demands, whether for things possessing a wide or a narrow scope of use; for the circle of use necessarily varies with the variation of kinds of things produced. Demands may be for a few things, used over a wide realm, or they may be for many things, used over a small or narrow realm. They may be for many things over a wider realm or for all the things made in a given realm.

Of course if the cirle of use is wide no extent of non use will exist; but just as the circle of use is narrow so is the scope of produation. If there is no circle at all there are no demands. The increase of demands call for an increase of supply. Demands being sufficient, producers come in ample support of those demands, and, of course, are amly supported. If demands are insufficient, low grade producers cannot maintain their position in production. So labor and things are thus made utilities.

And here, again, it is made self evident, the fact of utility is the fact of the individual, active as the varient wants and capacities for satisfaction admit. The inedpendent individual unit producer is active or inactive just as he is within or without the circle of production and consumption.

CHAPTER V.

OF THE COST OF PRODUCTION.

The individual system of human endeavor, dependent in demands, calling into activity least effective means and skill in production, and duly sustaining them, is not only the fact of increments and the opportunity of activity, but it is also the regulating fact of rates in the cost of production.

The regulating fact of rates in cost of production is the ultimate fact of values flowing from the ultimate fact of utility and demand. Probably it is best to say here that value is the effect of such demands. Cost of production is not the value of a thing. The cost of producing commodities is one thing and the value of them is quite another thing; for the cost of production is the individual fact of personal skill and ingenuity. The tastes and wants of men may effect values regardless of the actual cost of production. They may even go so far as to make out values so low as to make the cost of the elements of production reasonable and consistent. But it is a very plain matter of fact that the cost of producing commodities for any individual unit depends upon individual skill and efficient management. And it may be the case that improved means and methods, in a well defined system of division of labor, may so diminish waste and so enlarge and augment the results of labor that the effects of production may be very great.

But internal considerations of production refer more to individual differentiations than to externel considerations of like rates for like kinds to all alike.

So it is plain, whatever the means employed, the production of commodities takes place upon a basis of cost regulated by demands for commodities. Ultimate demands fix ulimate prices, and, of course, make out rates for the constituent elements of production. Rates of prices, in cost of production, are high or low, just as demands are high or low. If high, inferior producers engage in production, and the required supply makes out those general values which enables inferior producers to effect utilitles. When this margin of production is dostroyed by the diminution of utility and the decline of demands, inferior producers, unsupported by effective demands, fall out of the ranks of prevailing lines of production to leave prevailing prices upon a basis of prevailing demands. So the rates must of necessity be the same for the same kinds and qualities of commodities. They are the same at the same time because the demands are the same, and the demands are the same whether over a narrow or wide circle of use, or whether for products of a high or of a low grade and utility.

And while the rates of prices for the same kinds and the same qualities of utilities are necessarily the same, yet they are like rates for like products, whether inferior or superior. It is only necessary to say that inferior grades of utilities exist when the fact of gradation of wants exist. Different grades of different kinds of utilities exist. Many different species and grades of things are natural expressions of many independent producers engaged in many different lines of endeavor in the satisfaction of many different wants, of varying tastes and different capacities of consumption. There always exist, in any individual system of human endeavor, low grades, medium grades and high grades of utilities; and, of course, the prices ruling as to these various grades of utilities, will always be different, because a difference exists in the matter of qualitiy, of supply and demand of many species.

And although the rates for any particular kind of utility may be the same to all, and the total cost of a given quantum may also be the same for the same grades of utilities, yet this does not mean that the cost of production is the same for all using the same kinds and grades. Enterprises differ in the skill of management and of maniplation. While production moves upon a basis of independent-dependent unit consumption, the matter of assemblage, of compounding, of general manipulation, is the salutary fact of salutary means and methods employed; and if these are crude and primitive; if ineffective and inefficient, then, no doubt, the cost of production for any enterprise must be greater than the cost of production for an enterprise that is well equipped in all the arts of manipulation and management. Naturally, a difference of cost to advantageous enterprises exist without any difference of rates for the constituent elements. Rates for the constituent elements of production are the same to all, but a differentiation of cost in any case is a difference of ingenuity, The chief elements of production possess no magic wand, no wonderful affinities, save those yielding the great foundations of human activity. Nature leaves man to natural relations,-- to the relation of man to matter and of man and man in the formative powers of conception and direction. That is no doubt a central point of consideration in the cost of production which refers to those dependent operations of men that effect such demands as make out rates sufficient to include the least effective producer.

The elements of production are, labor, which is the human element of application to material elements. Whether physical effort or mental endeavor, human endeavor is the element of effort in the production of commodities that is called labor because exertion essential for yielding results.

Land may be regarded as an element, as a prominent element, in considerations of what production cost. Land is one of the natural elements of all raw materials, and a fundamental element of all fabrication. And it is a prime factor in the creation of every known utiility,

Capital, the means and methods employed, is the term to designate tools, machines, fixtures, buildings, materials, finished products, and everything required in combination and creation of utilities.

Land, least in itself; labor, least in itself, joins with materials, least in their respective kinds, to form the greater thing, and the cost of the greater thing to the producing enterprise is the difference between the use of the elements employed and the system in which they are used; for the cost of land, of labor, of tapital, is the result of the system in which all production takes place.

In the important arts of the intermediate ground, manufacturing, the coordinative elements of production consist of the raw materials that enter into the scheme of the particular kind or object sought; of the devising and planning capacities and abilities of the heads of the enterprise; of the executing labor employed to turn the materials into the forms designed, of supervising activities that makes the various human activities of planning and executing coordinate to the achievement of the object proposed, and of the various items of expense incident to the operations of the enterprise, such as rent of property, taxes, insurance, interest paid, upkeep of tools and machinery and buildings The whole cost of production refers to the differenc between what is produced and what remains untouched.

The cost of production in land tillage, refers to the cost of seeds, of fertilizers, of labor and the various items incident to the operations of land tillage. But what the difference is refers to the consideration of knowledge of the chemical properties of soil, vegetation, and rotation. While many may be able to till the soil, few are able to effect much. True, indeed, inferior means and methods may yield results, in both land tillage and manufacturing, yet, in both land tillage and manufacturing, superior means and methods are the effects of superior arts and skill.

In the wholesale business, consisting mostly of monetary movements, the cost of producing utility, mainly refers to the purchase of commodities already produced, together with the expense of handling and storing them. Labor, consisting of the agents who sell these mataiials; of clerks, who detail all the routines of mobility, and who line their books with incoming and outgoing accounts, and all those handy aids who assist in the general conduct of affairs, and rent paid, insurance, interest, upkeep, make out the cost to wholesale merchants in the production of of utility.

The retail business is of a very liquid character. It is mostly a case of monetary movement. The cost of producing final utility by final producers refers to the cost of stock and the general expense of conducting the retail business.

As land tillage is the original for all production, and the cost of manufacturing is largely based upon the prices paid to the tillers of the soil, and as the cost of merchandising is largely a matter of purchasing from manufacturing, so the cost to the ultimate consumer is a matter of cost embracing all the items of cost to all the producers engaged in the production of the elements consumed.

The whole cost to the direct consumer embraces all items of consumption purchased of retailers.

If the materials consumsd in direct consumption is small in volume, as compared with the wages of the wage earner, then the whole cost of direct consumption is brought under the influence of skill and good management; and if this agreeable influence is at all extensive, as compared with the materials of indirect consumption, the whole cost of production for the whole community, is a plain and exemplary case of reasonableness in the cost of production.

The rates are high or low as demands are high or low; but the whole cost of production is high or low just as efficiency is high or low. If the prudence of skill and management is low, the whole cost of production is unerringly high; if high, the cost is low. The way in which prudence or imprudence displays itself is in the vicissitudes of the marginal producer, who assays production on the bare call of demands, or in the margin of results created over him by others. Demands will not only support the marginal producer, but will make him an effective and an efficient one.

In the general course of production, he who is skilful and consistent will make out results superior to those made out by others. Of two producers, using the same means of production, and the same grades of the elements of production, in the production of the same thing, one will produce at the same cost as another, but one of them will have more left to him in both quantity and quality. Or, with the varying skill of men, one may produce the same quantify and the same quality at less cost than the other. And what evidences the ascending or descending line or scale of production, is, of two producers using the same means, unlike results follow even though the one making out superior results may be using inferior means and methods.

Yet, generally speaking. if the methods employed are inferior, inferior results are likely to follow. If two producers are equal in all respects save one or two, a difference in cost of production will more than likely exist. In the production of flour, one may employ two stones, used in horizantal lines, and operated by ox or horsepower. The wheat may be fed to these stones by hand, and the crushed grain may be transmitted from one stage of finish to another also by hand. Another method may consist of water power in the operation of grinding stones and the grain may be fed by the use of funnels, while different stages of production may be carried out by means of troughs leading from one stage to another In another process, the whole operation may be commenced, forwarded, perfected and completed by means of a single unit machine manned by one human creature and propelled by one unit of power. Here is observed difference of means employed in the production of flour; but in the skill and management employed, it is possible to bring the difference of results to a minimum. In the noble art of printing, one process may consist of distinct, and, also, distantly placed, means, all requiring distinct movements and diverting care and attention, while another process may consist of means which absorb all these variations and deviations and embrace them in a single unit of operation. A well equipped enterprise proves the art exhibited by men, and the capacity and the genious of men. Whomsoever makes out the greatest results of operations, effects results superior to the enterprises effecting inferior results.

But the inferior is an elemental entity in the social field; he enters at the marginal point of ultimate demands, and moves on the merits of his endeavors. A case of production and reproduction at the point of ultimate demands, the engaging producer, who is skilful, effects a differentiation of results If such a producer employs means and methods superior to those whom he outrivals, he will leave them far behind; and the way, in ganeral, of noting this effect, in cost, is to point to the producers left behind.

The powers of genius are displayed not in artificial means and superficial methods of quick and easy income, but in the solid foundations of skill and genius; in that solidity of endeavor which makes out a firm basis of cost of production, or rates to all alike and cost of production measured by differentiation under similar circumstances. The general test of the cost of production is the balance of results achieved by those engaged under like circumstances.

The rate of cost to all alike, the actual cost to any is a matter of making the rates yield to the skill of progressive producers. The advancing producer is the one who studies the various problems of means to ends. He will always find more in the arts and skill of creating effects from the same rates than in any artificial system. Greater results follow the less in consumption, not in easy means and great waste, but in effective means and little waste By proper adjustment of means to ends, the assemblage and apportionment and combination of elements, is made a matter of appropriate cost of production.

In any individual system of production, the advantage of assemblage may yield differentiation. All may not be on equal terms of location, proximity, and rates of mobility.

So far as combination is concerned, the means and methods of one may be more effective than those of another.

What is of superior importance refers to the matter of proportion. Proportion in time and space, effects very great results. The arrangement of means employed so that the activities of production may move without friction and loss of time must count for a great deal. And it is no doubt a fact that the kind and the location of fixtures is by no means a trifling consideration. The tiller of the soil who contrives to effect great proximity of means, will certainly achieve more than his less thoughtful neighbor. Whatever exists in the form of quick and easy movement of men and material, may be expected to yield effective results.

It may be that the matter of proportion is concerned with tools, machines, power, labor; for manifestly proportion in the use of these elements in production, carries the evidence of such wisdom very great lengths. It may be that the adjustment of labor and tools, of labor and machlnes, is not well balanced. It may be a decadent fact that the proportion of labor and machines is an unvarying harm. It may be that there is no consistent proportion of fixed and circulating capital; that the proportion of materials to labor is out of harmony, and of capital to labor ill conceived.

The progressive producer will avoid the rocks of disproportion and maintain a constant vigilance in his realm. The advancing producer, will ascertain and determine whether it is the better part of prudence to effect changes in the means and methods of production, or whether it is the best thing to supplement them and add to existing means and methods. If he finds a deficiency in any respact' he may look for efficiency in every respect; for the advancing producer of commodities takes present results as a basis of apriori thinking. An effect exists; what is the cause of it? What is the remedy?

So far as labor is concerned, the progressive producer will augment the forces of human endeavor by accretions from raw labor as well as by the introduction of labor saving devices. It may be that a new scheme of employing labor proves the best means of labor: Piece work, day work, or work based upon a set plan of results compared with what is consumed, may prove effective or not effective just as the exigencies or the circumstances appear to require.

So far as circulating capital is concerned, the interior producer will advance by the accretion of capital from the methods he pursues: by continuously adding capital to capital in proper ratio. As consumption means the acquisition, use and combination, by human effort, of things of less utility for things of greater utility, it is manifest and plain that no such thing as undue proportions of capital may well invade the province of the greater over the less. He will consider the factors of increase and decide whether the increase of capital will make the cost of the increased supply unduly great, or the cost of production, compared with results, excessive.

So far as land is concerned, the progressive producer, will no doubt add more land to land already in tillage; for when existing means and methods fail to produce what is required for a larger demand, the larger supply is a matter of larger tillage area. Conditions are ripe for this extension of tillage; for with it goes an increase of results as compared with the increase of cost in the tillage of a larger area. "The question whether a farmer has carried culture of a particular piece of land as far as he profitably can, and whether he should try to force more from it, or to take in another piece of land, is one of the same kind as the qnestion whether he should buy a new plough or try to get a little more work out of his present stock of ploughs."

So far as manufacturing is concerned, there is limitation beyond which manufacturing units may not safely go. Whether it is prudent or imprudent to add new buildings, or new machinery is analogous to the question of whether it is wise or unwise to add new means of tillage. Whether it is likely to increase or decrease the margin of income and uutgo decides whether there shall be a new extension or a new plant or a new syetem.

The same principle applies to merchandising. Merchants, no more than land tillers, may expect, in an individual system of endeavor, an unlimited field of expansion.

In any individual system of production, the problem of progress is connected with the problem of cost and the effects of increased means of increased volume; and if the cost advances greatly with the volume of products, the problem then is one of increase of volume with constant or decreased cost; and this may be a problem of increased means and methods, skill of manipulation, and effectiveness of unit management. It is a matter of reasoning; and this reasoning is based upon the existing conditions of production: whether proper means and methods of supply exists.

Of course the mere substitution of things of less merit for things of greater merit, makes for greater efficiency in the endeavors of the enterprise As the progress of inferior to superior lies in the means and methods employed, to a very great extent, it is a manifest thing that replacement may be of very great consequence The matter of discarding old, worn, tools and antqiuated machines, is not much unlike the matter of engaging more tools and more machines to augment the results of endeavors. From hand work to work by hand with tools; from the use of tools in all round effort, to the use of machines of a crude type; from machines of a crude type, to machines of greater proportions and greater results of operations, the gradation of advance is clearly marked by the substitution of superior for inferior means of production,– there is a replacement and augmentation in both the means and the results of human efforts. Whether it be mechanical or chemical, the same principle holds true, for it is by the improvement of means and methods, that increased wants are duly and amply met.

But the increase of supply, and the cost of effecting that increase, it not in all cases consistent. No matter what the arts of combination and creation may be, there are those articles of want which can only be met by slow and tedious process of production. Articles of delicate finish and intricate design are made in greater perfection and greater utility not by the augmenting powers of machines, but entirely by hand. Some are produced upon a measured basis of quantity and quality; and this is done not by machines alone but with due proportion of labor, tools and machines. Some things are produced for the quantity that is desired; and these are made, for the most part, not by hand but mostly by machines,– as with calico, the yarns, the weaving, or the mechanical process; and the bleaching and the printing, or the chemical process. The production of fine lace is entirely by hand; the production of crude lace is partly by hand and partly by machines. The one is of that texture and design which defies the iron mechanisms of inventions; the other is increased in quantity by the use of such mechanisms.

The matter of cost in the production of commodities may be affected by the supply of labor; and then, of course, the problem of effecting quantity and qualiy becomes very prominent. In the production of wealth, labor is often less fluent than the other elements of production; and as it becomes unsteady in supply and kind and quality, it may be an effective step towards progress in production to carry labor and machines in that proportion which maintains a due regard for effects of supply and demand. The fact of demands supporting the fact of cost in the production of commodities, makes out the fact supply produced as maintaining that condition of demands which will not fail to support or to advance reproduction.

The proportion of machines and laboring hands is most consistently measured by the demands for commodities, and if these are sufficient, it must follow that the whole cost of production, in the proportioning of labor and machines, is influenced by resultant supply and conseqent demands. Demands for commodities are based upon demands for labor, and demands for labor are based upon demands for commodities The ultimate consumer is the element of labor; machines do not consume, neither do they think. Purchasing power flows from that system of activity which admits the unit producer. The individual unit system, employing laboring hands, makes out the strength and scope of demands; and these fortuitous demands effects those margins within which production takes place. This being the case, it follows that the margin for production will often admit of extensive employment of human hands, and, when these hands are not unduly concentrated in cities and towns, there must exist that consistency of cost in production which admits of the consistency of laboring hands and active machines as elements of production.

Demands for labor are based upon demands for commodities, and demands for commodities are based upon demands for labor. If the two demands move in a consistent ratio, it must always be the case that cost of labor will always be consistent. It will always be consistent because the demands and the rates of commodities must always be regular and consistent. If the demands for commodities are light, or heavy, the demands for labor are light or heavy. And as cost is supported by demands, and the wages paid an expression of what demands support, the fact of wages is the fact of rates paid, along with materials, as dictates of demands.

This being the case, it is a matter of necessary consideration that proportion of labor and machines prevail. Of course the nature and character of the commodity will vary the ratio.

This ratio may also vary on account of shifting demands. Changes in the tastes and notions of the people results in a change of form and kind in the wants. There is a consequent change in the ratio of labor and machines not only in the lines affected, but also, collaterally, in other lines. The change of habits, of customs, of fashions, that take place, effect a decrease in one direction, in demands for commodities, and an increase in another direction; and hence there may be an increase or a decrease of demands for labor and machines. There may take place a decided shift from machines to labor, or a substitution, more or less, of one for the other.

The matter of cost may be of great interest when changes in production affects the problem of machines and power. It may frequently happen that the cost of production is influenced by the fact of variation in proximity of power, and, so far as machines are concerned, of the supply of labor also. When this is the case, it is the better plan to so balance the use of machines and labor as to run no risk of in the least ultimately impairing demands; And the best effects are obtained from the best calculations of economy in the engagement of power and machines. Machines that produce power from natural force, or machines that augment power already created, added to machines that operate upon a plan of greatest results from least power, makes out a combination that effects utmost results with least possible cost, And the machines used may be very intricate and very resourceful, but unless arranged and located so as to be of greatest usefulness; and unless they are so adjusted as to make the most of power, there is likely to be a need of substitution here and there.

Under the salutary motive of decreasing cost and of increasing the results of production; of minimizing the one and of augmenting the other, the producer may come to the serious consideration of doing away with old means and methods and of taking up new means and methods. He will come to consider the feasibility and practicability of engaging something not previously engaged. The consistency of cost and rates may raise the question whether to abondon old fields and take up new ones. Considering the cost of fertilizers, of ploughing, of seeds, of labor, and the quantity and quality to be produced, together with actual results achieved, and it must appear plain that the question at once arises whether it is well to produce upon the same field and in the same locality. Conditions and circumstances may dictate the use of wheel hoes instead of hand hoes, or potatoe diggers in place of hand diggers. A tractor may yield greater results than a horse and plough. Cost of production dictate that the best condition of production prevail; for when the results are meager, and inconsistent, either demands must raise the margin, or results must be increased.

With regard to manufacturing, the question of cost and rates involves the question of change. It may be that abondonment of hand processes, to an extent, for the installation of machine processes, proves very effective. And the use of chemical may often prove more effective than mechanical processes. When the results are inconsistent with the whole cost of production, the problem of change becomes an essential one.

Having considered the immediate foregoing phase of production, it is in order now to consider the phase of taking from the elements of production. Here we come to the problem of reduction. Retrenchment is safest and soundest when the production of commodities is being carried on upon a close margin of income and outgo. By such means high cost is brought down to reasonable cost, or cost consistent with the results achieved. It may refer to the reduction of means and methods; to the diminution of capital, of land. It may refer to the reduction of the number of buildings used, to the curtailing of the labor employed and of the machines used. And it may consist in the logical diminution of operations as carried on by dictates of demands. But such a diminution cannot refer to that intensive system of production which consists of excessive unit expansion, with consequent intermittent fevers of production. Retrenchment is the best possible thing for the enterprise; for stability of demands, and for the community. While cost of the same kinds and quantity of things amounts to the same to all producers alike, yet some producers of a community will effect a difference in the results achieved, and the way this is done refers to economy of consumption. Consumption of the elements, and rates of the elements, are two different things. Enterprises that consume least, not only perfect econemies superior to those effected by others, but make out a saving for the community. Such a saving is a positive saving of waste, since a differentation.

The matter of waste with refernce to the cost of production, goes into wide and minute details of consumption. For it must be plain that the producer who so well conducts his affairs as to cause the elements of production to combine in the formation of things, without leaving much of anything else besides what is made, is an effective producer, with efficient allottments in all the angles aud directions of operations, so that little or no fragments, or little or no loss, takes place. He minimizes the outgo by maintaining a due equation of consumption and production, He has most of what can be used and least of what can not be used. He has more to show for what is used than his inferior, because he makes most of what can be used in production, and he produces least in forms of waste.

Such a consumer so manages labor and capital as to avoid friction and effect the smoothest course of operations. He so manages both labor and capital as to make them coordinate in time and place. Both labor and capital so cooperate as to lose little in margins of time and of materials consumed. The rigid lines of activity have been made to do their best. Displacement moves witout injury to replacement.

And the effective consumer will fully utilize that which unavoidably comes into waste during the course of primary production. By those means and methods which make the most effective use of all waste, there is utilized in the production of wealth the leavings of other things, and a greater volumn of commodities. And this is a case affecting cost of production, because there is more produced at the same cost or the same results are made out at less cost. In the production of lumber, a residue of waste results, and from this residue there is made various articles of sale. Such things as box wood, kindling wood, and crates, may be made from waste; and from sawdust, both chemical and mechanical utilities may be produced. And in the production of gas, or of coke, a refuse substance, crude tar, is produced; and from this substance dye intermediates are made, and ammonia tar, crude benzol, toluol. In the cotton industry, cotton seed are made to yield effective results. The unavoidable refuse of peanut hulls and corn cobs are ground into utility in the form of stock feed. Whatever is taken up as leavings of production, and made to yield what was never yielded before, necessarily extends the margin between cost of production and returns. For his own best good, both the inferior and the superior producer, owe it to themselves and to others, that most be made of what is used, and something be made of what is leavings.

Manifestly, if men will make out progress, they must manifest extensive as well as intensive interest in what is done. If there is inferiority in any respect some compensation must appear in some respect, so that if an unfavorable ratio of cost appear, the results of operations may be subsequently greater.

The end in view is progress; and as the end is only reached by the means and methods employed, these can never be neglected save at the expense of the end. So if the producer fails to look to the end through existing means and methods, he is more than likely to err in taking the means for the ends.

It is a good thing to consider, when producing commodities, whether the results achieved may be improved. In this connection, it is well to observe the comparative use of each element employed, for the purpose of knowing whether combination is carried on in a way that makes each operation a precedent for future operations, and a means of effecting more and more from what is consumed. Then the producer will be in a position to know the relative quantity of each element, and the timing of each operation. Such a producer will know at once when too much is used for the results. And if too much of any of the elements of production is used, there is easy means of correction; and prudence dictate that the producer go no further in this regard.

The marginal producer has very plain means of noting what he is doing. He occupies a position which makes the matter of cost so plain he can not fail to see if he would; for after paying his labor, his materials, his rent, and the other items of cost, he will not have much, if anything, to exhibit as the product of his genius.

If this producer makes an appreciable residue of results over cost of production, he makes out a residue over the cost of production that narrows the marginal difference between him and those who make out superior results though employing the same means and methods; and if there are other producers who make no more than the producer making out more than his inferior, then the whole cost of production effects such a margin as makes it essential for producers in general to study the important art of producing utility and not merely getting money. The individual entrusted with the production of utiltiies ought be able to prove himself a maker of wealth, not a destroyer of what is produced by others.

Progress from inferior producer to superior producer lies in the comparative decrease of cost and increase of results; and it is always this substantial route we may always expect to find careful and intelligent groducers moving. firmly and steadily. until that position is reached which requires the same care, the same intelligence, to prevent going too far; for in this position, the producer has reached a stage of constant returns. Any further increase, considering prevailing demands, will fail to effect proportionate returns. If the producer goes any further, he will be met by decreasing returns, because no active individual can produce a great quantity without affecting demands, which always affect returns.

It is therefore manifest and plain that, like the dike builders of Holland, the producer of commodities may go so far and no further. In any consistent system of social life, all beyond is uncetain and dangerous; as uncerain and dangerous as those sub marine craft which, during the world war, stole upon merchat vessels and sunk them before they could save themselves; a loss and damage to their owners and to many others.

CHAPTER VI.

OF THE CONDITIONS OF COST OF PRODUCTION.

So while the independent-dependent system of production is by variable unit enterprise in variable demands, there is production according to a system that admits of reasonable cost in consumption.

For not only is it true that demands extend in variability, they extend in cooperation and opportunity; they extend to that point which returns sufficient to support the lesser elements in production. The demands are a plain matter of individual wants, and the supply is a plain matter of individual endeavor, engaging to satisfy prevailing wants. The damands call for the production of the supply, and producers are supported in the production of it.

It is a condition, for there is the opportunity; the opportunity of the individual to engage in the arts and endeavors of production at will. It is a condition, a condition wherein endeavor engages unused margins, and opportunity. Demands fixing the margin of returns effects demands for producers.

It is a condition of the individual in the production of commodities; for here is opportunity for different persons, endowed with different capacities, to exercise those qualities which nature has bestowed upon them. It is a condition, with the individual as the center from whom and to whom all considerations of relations flow. It is a condition existing not by virtue of arbitrary force but by the mutual benefits of cooperation.

It is a condition calling for the means: for every producer stands in positive need of things produced by others. And those who produce are those who are able to demand. The supply is in obedience to demands, and the demands are in accord with supply; and this is so even though there be a constant shifting of unit enterprises, of means, methods.

It is a condition which makes it possible for the succession of enterprises Opportunity exists not only for the commencement of new enterprises but also for the continuation of enterprises. There is a consequent accumulation of means and experience. There is an accumulation of experience and a wealth of very important precedent. The mental and physical wealth of the past is handed to the present.

The condition which makes it possible for the past to present to the future the experience of those days, makes it possible for men of raw experience to gain early skill and effectivness. And it is possible for raw means and methods to become effective and efficient in no great length of time.

So the individual comes with his methods and his skill, not as an isolated creature, struggling in waste of time and effort, but into a system; and though he may at first be raw and inexperienced, yet he is supported by the effectiveness of that system in the matter of demands. He comes as a human creature comes, not as a struggling animal; for he comes into the society of men.

But in any individual system of endeavor, there must necessarily exist raw labor, raw capital and raw land. In any virile society of men "it probably never happens that all engaged in a given industry are carrying on their operations in the same way." Some men are new, in production, and of little utiliy; some are men of learning, and of large experience. Some men use raw and inferior means and methods; some use better. A comparative condition of human endeavor and enterprise exists.

Some labor, in the same class of endeavor, is less effective than other labor. In the example of one fishing with another, a variation will exist in the results achieved. The time engaged and the methods pursued, by each, effect different results. In skill, in movement, men will vary. And we may say that some men are engaged in different classes of endeavor from other men. In different classes of endeavor, there is, of course, variation of qualities engaged. There is gradation of labor, however, within every class.

So long as the habits of men vary, so long must the wants of men also vary. With variation of wants go variation of kinds in production, and, of course, variation in the kind or class of labor, Class may refer to different kinds of habits pursued in endeavors to satisfy different kinds of wants. Grades may refer to the different qualities in the different classes.

Variation in this respect always exist. Some men are leaders; some are executors: some menials or physical performers. But in each grade, there is variation, for there may be some menials who are superior to others.

In the case of machinery, a difference in the quality of machines exists. Old machines, or machines not well designed, or well designed, but not well built, must, generally speaking, vary the quality and the quantity of the results achieved. With reference to other machines, these inferior machines will yield less, and will make out less in results. Still, demands for commodities will justify the use of inferior machines. Interests may often be advanced by the use of those machines which may not be the latest pattern of improvement. The art of meeting the requirements of demands, is the art of equilization, and this equilization may well be met, when conditions admit, by the use of machines that effect most with the labor employed. It is possible that superior labor, using inferior machines, may produce greater results than inferior labor using superior machines. Yet, in cases of mechanical production, it is plain that laborious endeavor may be alleviated and great results achieved by the use of superior machines, because in that field of activity, labor is necessarily multiplied so that it soon encounters diminishing returns without the use of machines. What is a very agreeable fact refers to the equation of labor and machines: a superior thing, in general. When the use of machines may be carried forward to the point of that proportion of labor and machines which duly apportions cost, in connection with the rates paid for materials, as dictated by demands, then, it is plain, the quality of machines used is a question of proper conditions of production. This is necessarily the case because it is possible that a certain number of superior hands, using inferior machines, may effect as much, and often more, than inferior hands using machines of superior quality and number. And it may be the case that the price of a new machine may admit of no difference at all in what is achieved. Then, of course, superior machines stand in the same position as inferior ones.

And there is a comparative difference in the qualities of capital employed in production. Not only fixed capital, such as machines and fixtures, but movable or circulating capital, such as materials to be worked up, or goods to be disposed of, presents a feature of variation as extensive as the wants of men, and sets a ground of conditions, because the rates are fixed by demands. There is always a difference in quality of the different kinds of things used. Cotton, for example, is of different grades, and, of course, make out different results. So with regard to wool. With regard to leather, cloth, and all the different kinds of things, there are as many different grades as there are consumers. The crude and the refined, the low grade, the high grade, is always characteristic of any individual system of society.

The consistency of condition refers to the equilibrium of quality and quantity with prevailing demands and values. Variation in demands effect variation in both quantity and quality. The quality in demand may vary the quantity and the means of production.

Land, the mother of wealth, is variable in quality. Location, with regard to qualites, also vary. Some land in some localities, contains much greater powers of production than other land in other localities; and some land, in the same locality, is capable of yielding a great deal more than other land in the same locality. Land of one locality will, in many instances, produce results very different from the results produced from land of another locality. Some land, measured by the consistency of soil and climate, must be regarded as very excellent, in the production of certain kinds of commodities; as, for instance, that consistency of soil and climate which effects very agreeable results in the production of wheat, or of cotton, or of potatoes. But the consistency of effects is confined to less variety of kinds, in the matter of climate, than in the matter of soil; for it is manifest that wheat, or alfalfa, will thrive best in a cool climate, while cotton, alfalfa, corn, and many other kinds of products, may all be grown in a milder climate. Still, the wonderful effects of climate are varied by the variations of soil. Effects produced on a sandy, must be less than effects produced on a richer soil. But there is for this loam very great use, and that use produces very effective results. Wet bottom land is fit for some uses, if not for very many. Slopes of mountains are of some utility, but they are not so useful as the constant plain. Friendly effects of climate may be compromised by the unfriendly, withering effects of rain, or lack of rain. But plants of a particular variety are well adoted to dry and semi dry regions of tillage; as, for example, alfalfa, and a particular kind of wheat. Rice may be grown in low, wet soil. Cotton is grown best in particular areas; and so is wheat, A favorable climate is more propitious for the production of a kind upon soil less fertile than more fertile soil in less favorable climate. In the case of the common product, corn, no doubt human effiort will produce greater results in a mild climate than in a cold climate, even in the use of less fertile soil in more favorable climatic conditions. Yet, in the case of some kinds of products, there can be no doubt that very unfavorable conditions of both climate and siol will produce those results that are inferior to those produced in more favorable conditions of both climate and soil. Still, in the case of inferior climatic conditions, there may yet be those products which may be the means of greater wealth than when produced in more favorable climate, even upon the best soil. But for both wealth and variety, there is more in the favorable climate; and there, superior climate, superior soil, will make rivalry a matter of great endeavor.

It is only necessary to remind that inferior qnalties of land, in the same locality, and those inequalities due to difference of climatic conditions, as well as dry land and monntain sides, produce results at greater expense than more favorable contitions of soil and climate; and, in consequence, they are cultivated only when other conditions exists,– the demands that create those values which justify the cultivation of them in order to produce the supply required. These inferior conditions are postponed for the inclusion of those generous coditions which admits of the raising of crops with least cost of production.

But there is a variation of inferior and superior with reference to personal character of endeavor. Manifestly, some labor may be superior on the farm and inferior in the factory. There is no doubt that some men make better mechanics than professional men. Some men have very little patience with detail. Some grasp a situation at once. Some are good deductionists.

It is the same with capital. Some capital is of superior value in some lines of endeavor, while in other lines, the same capital may be inferior. What may be inferior in manufacturing may be superior in land tillage; and, conversely, what may be inferior in land tillage, may be superior in the arts of manufacturing. What is of great use in the arts, may be of little use in the crude. What may be of use in thn mechanical may be of no use in the chemical.

In whatever engaged, the individual unit system of production necessarily maintains an open door for the production of the supply required in demand. "When different producers have different advantages for producing a thing, its price must be sufficient to cover the expense of production of those producers who have no special and exceptional facilities; for, if not, they will withdraw or diminish their production, and scarcity of the amount supplied will raise the price." If conditions of production are

are logical and consistent, demands for commodities will always require the activities of inferior producers, with inferior means and methods, and support the succession of enterprises. Old enteprises, requisitioned to take the place of others, or to fill the requirements of a renewed activity, are effective means to ends. Raw enterprises come into use as effective means of succession to old ones. New meaas and methods follow declining means and methods. The rise, decline, cessation of enterprises is but the cycle of a free and independent people endowed with that potentiality which means true social lfe.

No other system of human endeavor can be superior to this fine system of opportunity; for it is only thus that men may always be producers and active factors of social life. Nothing else can be so very resourceful and consistent in the production of commdities; for nothing else can be so effective in endoiwng men with that force and power, that aptitude and readiness., by far more resourceful and powerful than any other systsm can possibly be. It is a condition of the individual as a creature of his own fate and a factor of his own destiny. This individual position makes out a condition, for it is a matter of elasticity and continuing opportunity.

How is this opportunity preserved and advanced? Manifestly this is a matter of skill and intelligence. No consisent course, no advancing step, no great results, are possible wihout some consisent management. Land, labor and capital may exist, but they exist in greatets abundance and in greatest pruductivity when guided by the arts of skill and efficiency.

"Nations grow rich because new commanders, with a procission unknown in battlefields direct the operations of armies of a new kind"; the capable armies of individuals marching to the exalting notes of betterment of condition, not waste, nor destruction.

This agreeable condition manifests itself largely in forms of organization. Very plainly, only by organization may that system exist which effects most from least. Whether by inferior or by superior, the fact of organization is the fact of effective coordination. Some producers of very great ability may engage in the production of commodities and turn out very desirable articles, yet, with all these merits, there is no adequate support of reproduction if there is not organization. Others, no better qualified than a jack at all trades, may even turn out articles of inferior finish and yet surpass another in the matter of returns, on accunt of the superior system pursued. Only by the arts of that very essential condition of production, which includes the effective operation of all the elements of production, may exist those manipulations which yields great results from the consumption of commodities. The consumptiun of commodities is therefore a matter of proper conditions of production; and when all producers do all they can to operate with system and organization, there is no doubt that they do a great deal in making most for each and for all.

A new enterprise should begin with some principle of operation, else the means may outrun the ends. The producer who would advance from inferior, step by step, in safe and sound progress, will do so not by guess and stress, but by some definite line of activity that guides to a definite objective. Production may be greatly, augmented, and the cooperative effects of human activity greatly advanced, by some principle of action and system; and system, it must be plain, is the agreeable effect of proper and efficient organization.

Very desirable results are made out by that organization which includes departments of operation; for when we have the quality of human action that perfects, we may be sure that no one is going to suffer, and that all will derive benefits from such action. There can be no doubt that in the specialization of human effort, men devote themselves to production in the most effective manner. Such a system as departmental arrangement possess the merit of arranging the means and methods employed so as to makes the instrumentalities of production as effective as it is possible to make them. From this it follows that appropriate laws of activity may be made to carry out appropriate principles of activity, and appropriate means and methods made responsive to appropriate laws.

In particular, effective machines are effctively arranged,– arranged so as to make the labors of men very effective in matters of handling materials and of movements.

In the matter of materials, there is effective standardization. By such means well planned designs, well prepared patterns, make out part of a scheme to produce according to certain laws. The definite form is the reality of a definite plan.

The best means of advancing the principle npon which an enterprise moves is by such organization as will best meet the requirements of the case in hand. Some kinds of enterprise require less perfection in oganization than others. Very simple organization may be all that some enterprises require. The character of the industry determines the character of the organization. But it may be safely said that all industries, be they ever so mall, must possess that managing head which iss able and willing to organize and apply principles of economy. Here is the starting point of individual character. The indivedual displays his effectiveness by the results achieved. A margin over the whole cost of production is created. The producer is in a position to advance; and as he advances, he still maintains his position as managing head, but with this difference: he groupes around a few assistants. It may be that he takes in some one to record the activities of his endeavors. He wants to know where he stands so that he may know where he is going. He is not for sowing good seed and reaping dragons teeth. He has his plans and wants to attain his objective. It may be neccessary to have the assistance of a subordinate manager or two. If the extent of business justifies, heads of departments, trained in the technique of the art or experienced in the execution of detail, may be chosen. Department heads constitute a very efficient council of industry. And the chief, with his coucil, ought be able to fully schedule all the varied duties of the enterprise.

Departments may vary in kind as well as in numbers; but in any proper arrangement, all the varied means and methods pursued, will be made to so coordinate as to yield the desired and planned results. For instance, in the making of a vessel, the plans are drawn, and a model is madel. Details are worked out and estimates calculate. When the execution of these plans and specifications is undertaken, all the various departments of the ship building plant, are made to coordinate and fully cooperate as effective and efficient means to ends. The parts ar made according to plans and specifications, in their respective spheres, and assmbled on the ways, and joined together as a concrete expression of apriori endeavor. But a less detailed endeavor reveales the same idea; for in the making of paper, the department devoted to the grinding of the pulp, and the department devoted to the bleaching of the pulp, and the department devoted to the spreading of the pulp upon rollers, and the department devoted to the drying and the finishing of the paper, are not only effectively organized for the duties assigned to each, but those duties are so conducted as to yield net resules according to previously determined plans respecting kind, the quality, the cost, the sale of the finished product..

And now may be mentioned departmentts that are essential, in general, to the effective conduct of affairs. A department deveted to the consideration of kinds and qualities of materials consumed, and the purchase of them; the department devoted to the consideration of what is wanted, what may be wanted and where wanted, must of necessity effect very desirable results. So must a department devoted to the consideration of the instrumentalities of production. The proportioning of labor and machines, and the utility thus made out is not of little concern.

And it may be said that departments devoted to the study of qualities, to the study of means and methods, to chemical research, to mechanical research, to plant research, to seed conditions and tests, to the preservation of power, the location of enterprise, the care of buildings and fixtures, and the problems of transportation, must effect very great results.

With regard to labor, a department devoted to the employment and instruction of labor will assure the enterprise of many advantages. It is a matter of the utmost importance that some of the mental be added to some of the physical. A department given to intercommunication, of the physical and mental, must work out great advantages as well as great savings, owing to the intelligence conveyed, anb the abridgment of time and space. That department having to do with the timing and the results of labor, as well as the department concerned with the consumption of materials, and the results of that consumption, can not fail to yield very agreeable results.

And of no less importance; in fact, of very great importance, is a department devoted to sales of commodities; for here is a department that locates tastes as well as creates them, and, of course, prevents waste in long drawn surplas stock. Here will be found the means of advising of the kinds and the qualities to be produced; and here, too, is the place for the teaching and training of men in the intricacies and arts of contact and contract. Such a department, devoted to the consideration of wants, is a department that must yield very desirable and satisfctory results, because it is plainly in touch with both the inside and the outside of the operating enterprise, and forms a strong link between what is the lees for what is the greater because the less is made to conform to the greater in the most consistent and effective manner. The forces of contact and contract are, indeed, the forces appropriate in replacement and displacement, for they not only make out what is to be produced, but they also make out what is to be produced in time and place. Time and place are elements that must be considered in any extensive system of production; for it is only in time and place that utility may well exist.

Directing, devising, planning, executing, are the qualities of human activity that make for progress or mediocrity, just as they are present or absent, and, if present, just as they are poor or effective in quality. The difference between a country that is resourceful and one that is not resourceful is a difference of that system which makes income greater than outgo or just a little more, if any more, than income.

We measure men in the activities of life, not so much by the exertions of skill in the physical, as by the exertions of mental effort. The great extent of activities in social life is dependent upon the element that distinguishes man from beast. In all those activities there is displayed those movements, those systems and those results which mean intelligence in the activities of men. It is intelligence that marks the fact of greatest perfection in the means and the methods of doing things and in the results achieved in doing them. Rational results of human activity is nothing less than intelligent activity. This intelligence is the individual element. Production is a matter of the individual; and being such it is the individual in unit endeavor with relations of unit endeavors. It is a condition of production. And as the producer is active in a system of such a nature and character, he is in a system that is capable of great development and expansion.

But it is a system of the individual; and this means the dependence of indivieuals upon each other in the relations of production. There is a case of dependence because each are engaged in production of a kind or part of a kind. There is interdependence because there is demand for the different kinds by dependent producers in production. This being the case, no individual may safely expect to so manage his affairs as to prevent others from engaging in production, or force producers from the field of activity. If this is done, defective production leads to defective demands.– a self inflicted injury, that has the effect of so reducing the activities of the offending enterprise as to force it to resort to artificial expedients of legislation.

It is only by the individual that kinds and parts of kinds are so well diffused in production as to make each very effective parts. By this system of human activity, the greatest variety of things are made for the use of men, and the hidden treasures of the earth are made to do him service. Field, stream and mountain yield their riches for his welfare.

Those men that are reasonable in the ideas of social life can not fail to observe that in the individual exists the real system of production and distribution. Wants ere natural and naturally supplied; supply is always natural and always naturally wanted; nothing is forced or unduly stimulated. The individual is in his own realm, excluding no one; and including all, admits every one into that cooperation that is forceful and effective. The vigor, the skill, the intelligence, of most all men, makes out a very great scope of activity, and a very great resource of means and methods.

So we may well say that the real and genuine condition for the most effective production of commodities is made out not by the individualistic, but by the individual in cooperation and mutual relations of benefits.

Such a condition is expressed, in the tillage of the soil, by reasonadle size tracts of land The success of this system is richly illustrated in the case of France; for there it is that land is tilled in proper size tracts, and, in consequence, that activity is intensive. A very plain difference is observed in the case of France, and the case of Britain, where tillage is carried on by the large tract system., with farmers, for the most part, as tenants, and not as independent enterprises. More wealth is produced from the soil of France than from the soil of Britain. So very great are the advantages of reasonable size tracts of tillage that the government of England endeavors to create reasonable size tracts for tillage in Ireland. The United States affords an effective example of the individual in the cultivation of reasonable size tracts of land; for it is in the United States that may be found very great wealth is produced on the farms..

The production of wealth by consistency of size in acreage may be itemized as follows:

First. Cost of production is made consistent in the matter of collateral expenses.

Second. Cost of expenses is made consistent in the matters of labor, implements and machines.

The whole cost of production is made consistent; for,

Fourth. Cost is duly maintained in the form of consiscency in the coordination of all the means and methods employed.

Fifth. Such coordination is only effective upon reasonable size tracts of land, because there is maintained a favorable ratio of expenses and results.

Sixth. Proper size traces of land makes the tiller a well proportioned man, not only in the matter of vision but also in the application of knowledge to the activities of production.

Reasonable size tracts of land are the best for the production of very great variety because most consistent with the endeavors of others in the production of other things. If it is objected that large tracts of land may be made to produce many things, and use effective machines in the production of them, the answer is that those machines, and the implements employed, are only relatively effective, for the use of them may be profitable on a small size tract of land, or used in common by several. Adding personal care and supervision to use in common, the whole cost of pruduction, and the results achieved, must be more consistent when the tract of land is reasonable, than when it is unreasonable in size.

And there is the consideration of the condition with regard to the raising, in one locality, of what is capable of being produced to a relatively greater, if not an absolute, advantage, than in another locality; as, for instance, in the case of wheat. And cotton is a commodity that can be produced within an area conducive to the production of that great staple to much greater advantage than when produced without that area. Within these arears these crops move in ready response to the will ef men. What is favorable for wheat is not so favorable for the production of cotton; what is favorable for the production of cotton is not favorable for the production of wheat. At least, the cost for the production of crops is less, when the conditions of soil and climate are favorable, than when they are unfavorable. So much labor and capital applied to the production of wheat in favorable areas, yield a great deal more than the same amount laid out in the production of cotton in that area. Even richer soil, without the limits of a favorable area, will not yield so much of a favored crop as less fertile soil within the area most favorable for a particular crop. Inferior soil in the favored locality will not fail to support the least effective producer, when demands would not justify the efforts of a superior man producing the same crop in less favorable areas. Demands that support the low grade producer, carrying on his endeavors within a favorable area for the production of a crop, will not support the endeavors of a more skilled man carrying on his endeavors within an unfavorable area for the production of the same crop.

The matter of condition of production may also be considered with reference to the location of land; and not only land, but also the location of buildings upon land. Land fit for many purposes may be located a considerable distance from centers of consumption, and the production of wealth will be thus affected due to the extra cost of moving things to and fro,–intercommunication of the physical and the mental, even with convenient means and methods, is not so resourceful as less distanced land. But if demands are such as to more than support least fertile land near a city, or town, they will support the tillage of fertile soil further located; and if they are sufficient for this, demands have only to be a little more extensive for the support of less fertile land of the same locality. The same process may continue until all the land of a state, of a nation, of nations, of the world, is taken into cultivation.

The matter of location of buildings upon land, is a matter of sufficient importance to merit attention. It is a very essential thing that buildings be located near the center of the land under cultivation. In the course of so short a period as one month, so long a period as one week may be lost, on account of the ill advised location of buildings. With economy of location, goes economy of movement, something somewhat facilitated with modern mortor vehicles.

While the rent paid for the use of land, or what amounts to the same thing, interest on the capital invested, does not enter into the price of commodities, but only affects the margin between income and outgo, yet the fact of less rent or of less capital invested in distantly located sections, may cause a very little difference in the margin created by the producer whose location is in close proximity to a settlement and one who is not, owing to the fact of difference in actual rent or interest,– a real case of conditions that minimizes economic rent. No one will cultivate land locted near a city if actual rent absorbs economic rent, because the demands will not admit it. To justify the tillage of this land. over other land of greater distance, that land must, plainly enough, be very inferior in quality, and the conditions of demands very favorable for returns. It may be the case that fertile land, located away from settlements, will yield a greater margin than less fertile land situated near a settlement. The cost of production there may be much less, and when the produce is sent to market, may return a great deal more.

Vigor of demands for commodities, make out vigor of demands for lands, and only such lands are called into use as those conditions dictate. If land located near settlements admit of no tillage, it will be used for something else. Not only is there a difference in kinds demanded, there is also a difference in qualities. Those commodities will bear a greater cost of production which have a quality of satisfaction peculiar to a few, and these will support heavy costs. Gardening, dairying, manufacturing, may be carried on when farming cannot. Indeed, it may be said that the production of shoes will bear a greater unit ratio than the same unit of corn.

But, like wheat, the best condition of fabrication refers to the most favorable location for the kind; as, for instance, the production of leather. The location most favorable for this production must be that of ample power, or else the location of meat packing, or meat packing and tanning, and tanning supplies. Locations of less convenience must find support in extent of demands. And this is also true with regard to the production of fabrics; for the consideration of power, raw materials and the other elements of production, are subjects of economy in the production of fabrics.

In the matter of power, this principle is a very great factor of cost. It must be self evident that if there are favorable conditions respecting power, there are very favorable conditions respecting cost of production. Power, in the form of such force as water, and the means of utilizing it, whether by stream or by fall; as coal, and the means of utilizing it, whether by transportation or original source of supply; as electricity, and the means of utilizing it, whether by water or by coal, or by individual unit, in the production of it, or by mortor or by wire, in the use of it, makes the problem of force a problem of power as a condition precedent to any very great achievement in the production of commodities.

But requirements in this regard must of necessity vary. In some industries, power is a much greater matter of condition than in others; for instance, in the electro chemical industry. In this field of industry, the forces of Niagara, affords an example of utility in the location of enterprise. And in the production of metals, the element of coal forms a very considerable item of cost, and hence a matter of great consideration in the location of enterprise.

In the case of some industries, the location of raw materials determine the condition of production; as in the production of light weight commodities from heavy weight materials, or the matter of expensive articles turned from inexpensive raw materials, or of heavy weight commodities produced from light weight materials. It is a favorable condition of production when the problem of supply of power and of raw materials may be met by a compromise of location with reference to both, for then it is that the chief elements of production are made to balance in the cost of production. If the establishment of manufacturing, is located within reasonable proximity to power and raw materials, or otherwise proportioned, there is then a pleasing advantage, which is analogous to the condition created by superior soil. But it is just as plain that if power is of greater consideration, in this regard, than raw materials, that establishment will possess an advantage over another less favorably located as to this element of cost. The same holds true of materials. As it is a matter of advantage, so it is a matter of favorable condition, as in the production of iron, the problem of raw materials is an element of greater consideration than the matter of power.

The matter of condition is a matter of machines. Given the proper machines for the proper industry, and proper conditions are made out. With the right kind and the right quantity of machines for the right kind of industry, the right condition of power and labor exists, because the units of power, of labor, of machines, are then most effectively cooperative. Machines of small number and great capacity, in the right industry, will effect more than small machines of great numbers, because more men and more power are required in the operation of them. Small machines, in the right industry, with large capacity, will achieve a great deal more than large machines, intricate and heavy to operate. The right size, the right kind, the quality, and the quatity, will effect the element of right labor, in kind and quantity, and, in doing so, make out very effective conditions of production. And machines of great bulk, great capacity, transform onerous conditions of produotion into feasible and agreeable conditions of production. What would require very great time and very great numbers, of men and animals, is carried out with comparatively little in time and employment.

In detail and delicacy of construction, there are machines used in the arts that make out opeations as intricate and delicate as the arts of men can make them. They move with a precision and uniformity that outrivals human skill in the production of quality and quantity. Yet, in some of the arts of human activity, the personal efforts of men count for a great deal more than machines. But in other fields, it is doubtful whether the personal efforts of men could go very far without machines, while in those fields in which there is both art and quantity, the proper condition of production is a matter of proportion of men and machines. In the making of watches, there is an enormous improvement in the production of these very essential articles of trade, by the use of appropriate machines, And in the production of shoes, there are the processes of cutting, sewing and the like, which is all done by those machines that augment the efforts of man.

In the field of land tillage, the conditions of production are greatly improved. They are greatly improved beause the heavy, as well as the detailed, work of men is made less onerous and more resourceful with appropriate machines than without them. It must be self evident, by such means adverse soil, as well as adverse climatic conditions, are minimized. Climatic conditions, that make human exertion onerous and tedious, and the soil productive, are made by the use of proper machines, to pour forth great streams of wealth. The tillage of the soli is greatly improved by the use of effective machines,

As with land tillage so with manufacturing; units of endeavor should not be too large. The normal unit is the functional unit of the individual doing his part in the production of commodities. This is the normal unit of production, because the only unit capable of that basic principle of endeavor that make each a factor of the whole. Many, in production, do a great deal more than a few. Few establishments, in any line of endeavor, ara capable of no endeavor that can equal the extensive endeavors of individual units of production. There can be no doubt that the most favorable condition for manufacturing is not machine industry but human industry. With the individual goes cooextensive demands. With inverse demands more is produced than is possible to consume. And if this is the case, there is no real cooperation. Such a system produces on a basis of individual consumption; and this system of production rests on demands, and these values capable of supporting the supply in demand, are, of course, capable of supporting least effective producers. Indeed, it were much better that industry partake more of the nature of the handicraft than it be excessively large.

But this does not mean that there are no industries that run on a larger scale than others. The nature of the business may require more extensive activity in one case than in another. But as no line of activity may contain any establishment so large as to exclude others, no enterprise, in any line of activity, may safely overcapitalize.

Labor and capital are most consistent, and most resourceful, when so employed as to emphasize the fact that the individual, as unit enterprise, is most resourceful and effective. That this proposition may be observed in the opposite proposition, that both capital and labor are least effective when so employed as to advance the idea of capital, and not the idea of equal ratio of elements in consumption. It is very essenial, in the production of wealth, that such condition of production exist as emphasize the idea of land, labor and capital as the three coodinating elements of production; and this is the most effectively done in the maintenance of that condition of production which emphasizes the idea of the individual as the chief unit of production. If this is not done, it is but the inevitable consequence that waste must follow, for it is the inevitable consequance of preference to either element of production, that one must be at the expense of the other.

CHAPTER VII.

OF THE PRODUCTION OF WEALTH.

What has been said exhibits the unit system of the individual in production as the most effective means of elemental cooperation and coordination. We are shown, in very plain form, that effort supports effort; that labor and capital yield most in the effective cooperation of the individoal.

We observe here not isolation but cooperation of the individual as an effective unit of andeavor, turning out effective elements of production, and dependent upon others for the production of his kind. Here is noted the essential quality of economy. In fact, a state of isolation is without the means of producing very much more than is consumed. Very little is left to the labors of men for what they do in isolation, because labor and time yield small results. But when simple hunting and fishing give way to means of hunting and fishing, there is much more achieved in results for the labor and time spent in the endeavors. And not only is this the case, but there is made the means of hunting and of fishing.

In the use of means there is more to show for what is done, because more is done with them than is done without them. Means of acquisition not only saves time but also increases the results of efforts.

And, besides, there are the means left as elements of wealth.

Still further progress is made in the production of wealth when the means of acquisition are improved. Crude means of fishing results in very little more than it required for the support of the fisherman. The time spent for results achieved is very great. In hunting, the labor spent, in time and place, is very little more than enough to support the huntsman. But when there is used better means of acquisition, there is more in results than bare existence. When nets are used for fishing, or arms are used for hunttng, there are results not only of more in quantity but also of more in variety. There is more than is required for existence.

Wealth is produced on a still larger scale when means of acquisition are made by those who devote their time to this line of endeavor.. And when there is made the means of converting crude things into things of greater utility, there is more wealth, not only in the means, but also in the greater variety of things. Variety is extended with means of turning the skins of animals into clothes. It is still more extended when these means are improved. There is the creation of wealth because there are the instrumentalities and greater production.

The improvement of the means of making things appears as the key that unlocks the stores of wealth to mankind; for proper means of acquisition and of conversion, of tillage, not only make out greater variety, but also opportunity, and with this opportunity goes not only variety, but also greater use and demands for things. It is this principle that also expands the vision of men. Rational man may have an unlimited vision; but he may be physically limited. Yet, to a degree, vision conquers the physical. Man multiplies his hands.

It must be self evident that insufficient means result not only in few things but also in forms not damanded. One must be convinced that the crude fisherman makes out much waste. But with trap net and pound net fishing, there is the production of more than is consumed, and, of course, there is the production of wealth. There is a surplus that may be spared to others. Compared with the handiwork of the tiller of the soil in all round endeavor, machines and implements not only achieves a great deal more than is consumed by the producer but also enables the tiller to dispose of surplus for others to consume. The hand reaper and the power reaper mark the difference between the means that effect so little as to leave no more than is consumed by the tiller of the soil, and the means that effect enough to leave a surplus for disposition to others engaged in many different vocations. There is production of wealth through the means employed and the consequent system of demands that prevail. The hand thresher is not much ahead of the crude; machines in threshing effect a great deal more. Hand ploughs are useful things, but more is produced with the addition of the tractor. Drillers and hand sowers; spreaders and forks, distinguish wealth production.

So it is plain enough that in the operations of agriculture, with the means of human endeavor, there are means that multiply human efforts so greatly as to reduce the cost of production, and diminish the waste that drags its way along the activities of men.

And it must be self evident that by the use of means in the intricate arts of manufacturing, endeavors of men effect wonderful results. For here, it is plain, there is much more room for the use of means than in the tillage of the soil. With means engaged in this sphere of activity, there are augmented results that displays wonderful capacities of of wealth production. Compared with the handicraft of shoe making, the augmenting machines for preparation of the parts of shoes, and those for the finish of them, demonstates the effetiveness of means of production. There is displayed in the use of such means not only a diminutiun of time and labor, but also a diminution of waste; and there is not only a decrease of cost, but also an increase of results. Before the time of sewing machines, both shoes and clothing, were made by hand; with the advent of these machines, as well as with cutting machines, there are as many suits of clothes, as many pairs of shoes, made by one hand, as were previously made by very many hands. And this is the production of wealth because of the greater surplus turned out at less cost than the same quantity as before.

The old method of making paper in squares, and of drying by felt, was slow and expensive. It was not very resourceful in results. It was less productive than the new method of nets and rollers. The saw gin improved the means of separating the fiber from the cotton seed; and this is wealth production because the results of such a method are greater than the results of hand work. And what can be more effective than the means of the textile industry; are these not great improvements over the single handed methods of ancient days? Is it not a fact that labor, capital, and other elements, so used are so much more resourceful? What is more effetive in the production of wealth than the modern typesetting machine, contrasting the production of greater wealth over some wealth in the use of the slow and wasteful methd of hand setting? It is certainly a matter of wealth production, too, when there is the consideration of the making of gloves,– machines being used for the cutting, the stitching, and other details. And watches; pins. bolts, tools, in things that are small; and boats, locomotives, cranes, scoops, dredges, and the like, in things that are large, all display the reality of great achievements in the production of wealth; for, in the one case, tedious duties are made very effective, in both results and quality, while in the other, the results are increased enormously, because the laborious efforts of men are alleviated, and the effects of labor are greatly increased.

The source of wealth in the use of machines may well be considered under the following propositions:

Firstly: Machines, properly geared enables the producer to procure great power from the force employed.

Secondly: When machines are properly arranged the producer is enabled to utilize labor to very great advantage, as well as effect much from the materials consumed.

Thirdly: Producers are able to specialize, and, in consequence, to standardize in the production of parts.

Fourthly: In consequence of this standardization the producer is in a position to know what quantity of materials are required for given results. He also knows the results to expect from labor and machines,

Fifthly: The problem of compensation is easily solved; the comparative results with reference to time and to different machines, makes it an easy matter to trace all waste and make new adjustments.

It may be mentioned here that any invention or discovery, which effects more in the same time, or the same in less time, must yield more wealth than was hitherto yielded.

Either in the making of very minute things or in the making of very great things, men are enabled to achieve results not otherwise possible, in the application of power to machines. The size, weight and duty of machines, determines the problem of power. But heavy machines may be lightened, or lighter duties assigned to them. Effective quality and effective use, makes effective power render very effective results.

In the operations of agriculture, two animals pulling a heavy plough will do less than a light weight tractor. And a heavy tractor will reach deeper into sub soil than either. In manufacturing, appropriate power for appropriate machines effect appropriate results.

In the field of mining, machines that cut, hoist. grind, reduces labor by utilizing the power at hand. There are magnetic hands that lift enormous weigts. Others there are that move things from place to place in great volumn with great ease.

In lighter realms, those arts of a delicate nature, are made very effective by the use of proper power. Mortors, in cities, when electric currents are not made the means of monopoly, effect great results. In the operation of the unit flour mill; in the production of bread; in the sowing of cloth, and in the making of small articles of trade in general, small units of power may be easily and advantageously arranged. Such means aid in the production of wealth. Oils, gas, and any liquid creating combustive power, are the means of delimiting waste and unlimiting wealth production. Air, powder, dynamite, or any combination of substances that produce explosives, are the means of advancing the interests of men. As power is the means of releasing hands from toil, and machines are the means of utilizing power, this power must always be free and easy of use, that machines of all kinds may always be useful, so that the other elemets of production may also be free and easy for the use of machines. Just as the power is reasonable, machines must effect great results, because the means of enormously expanding the powers of men.

Labor is made very effective by the use of effective power, and machines so arranged as to lose no time in the movements of machines, of men, or of things. When machines are effective, and labor is made efficient by special use of machines, the value of effort is increased, the value of commodities is enhanced and the scope of demands is enlarged.

So it is observed that with effective means of production there is the favorable fact of margins over mere struggle; for there are all the special means of special effort in special demands. There is the production of wealth regardless of what one consumes, notwithstanding the fact of consumption, or waste, or partial destruction of wealth.

The fact of wealth production, then, is plainly the fact of proper and effective means and methods, whether mechanical or chemical; and, if chemical, whether consistent, for in this realm of human endeavor, there is much danger of running up costs and effecting waste. There is more danger of loss by methods employed in the chemical than in the mechanical. Much more knowledge is required in the former than in the latter,

But here we approach a matter of vital interest in geneal. It may be safely said that knowledge is a prerequisite of progress, for those without it must be limited in their activities, while those who possess it must prove themselves superior.

The proper conduct of a farm is the proper conduct of proper knowledge. Cultivation of the soil distinguishes knowledge in many ways. We see a great deal along the line of land tillage, but not so much along the line of wealth over consumption. Between little wealth and more wealth, in the tillage of the soil, lies the augmenting element, knowledge.

Men are known by the results they achieve. For it is not enough to merely plough the soil; that ploughing must be effective; that land, that labor, that capital, must be made to yield wealth. So it is not enough to merely place fertilizer upon the ground, that should be so done as to derive maximum results from minimum cost of production.

If there is error in applying right fertilizer for the right soil and plant, then there is going to be adverse results. If inappropriate plants be used upon inappropriate soil, and, to this is added inappropriate fertilizers, there is gross waste of labor and capital. Soils vary in the contents of producing power; but, then, with the application of skill and knowledge, means to ends are harmonized, and the soil is made obedient to the will of men. Sand hills are metamorphosed into rich luxurience of productivity; arid regions are made verdant, with the magic wand of knowledge that brings forth wealth. The sides of hills may be made resourceful, and inferior soil made effective, by the effective agency of knowledge. It may be here said that light sandy soil is suitable for plants of certain kinds, and by use of green enrichment, may be made to produce wealth. To engage plants and fertilizers suited to the soil, is to engage labor and capital in an exceptional course of wealth. Clay and medium soil require variation of plants for best results. Fertilizers for use upon this soil vary with the variation of the crops produced. With proper crops in proper soil, proper fertilizers present no great problems. Those crops that develop with rich foliage do not yield best results by the use of fertilizers that develop roots or fruits. When we see men using nitrogen for the latter and potash for the former, we are more than apt to think that great ignorance prevails in the art of tilling the soil. And in the rotation of crops, there is a yield that is very resourceful. In the use of peas, clover, and other leguminous plants for the purpose of improving the soil, men tilling inferior soil may equal in results those who till superior soil. When such plants as cabbage, tomatoes, corn, follow legumens, the results are greater than when these crops do not follow leguminous plants.

Besides what is hitherto said concerning machines, it may be here remarked that knowledge in the arts of fabrication is something like the installation of machines, only human knowledge is far more resourceful and progressive. In this field of human endeavor, knowledge is a matter of the utmost im-importance. With knowledge goes efficiency, for men of intelligence readily perceives error and quickly devises the means of improvement.

In manufacturing, then, it is reasonable to expect that the difference between wealth and failure is a difference of knowledge. And although there may exist a valuable line of precedent, yet if knowledge does not exist, this precedent may be of little utility, for lack of intelligence to appreciate the value of it.

The conduct of a shoe making enterprise, no less than the conduct of a steel plant, requires not only skill, but also knowledge, The knowledge required in the production of paint, no less than in the production of dyes is a matter inferior or superior. The intelligence required in the making of a book, no less than that required in the production of a modern automobile, works out a difference of some wealth and no wealth.

Retail industry though engaged in disposing of products already produced yet creates utility in gathering in convenient places the products that may be wanted any time, and, in rendering service necessary to carry out this utility, effect much more in the production of wealth when knowledge supports the efforts.

So far as labor is concerned, it is plain enough, in this elemental field of activity, the production of wealth depends upon the intelligence of labor. The hand that is intelligent is supnrior to the hand that is not intelligent; and the hand that moves in skill is the hand that leaves a line of gold in its wake. Whether as directing, supervising or executing, that labor will produce more in less time, or save time in effecting the same quantity of results as less effective labor. The difference between mere reproduction and the production of wealth is an augmenting difference of intelligent labor. Communities, as well as nations, show a differenee of wealth that is clearly traceable to the element of labor; is that intelligent? If so, the quantity produced, and the quality, are greater than other communities. And for the reason that intelligence is greater, wages are greater, and more wealth is made, than in locations less fortunate in this essential respect.

It follows, then, every enterprise, and every state, ought to and of right should, possess ample means of perfecting the quality of labor. Civilized states establish agencies for the purpose of instruction. General education, which enhances the general ability of men, and special study, which makes men of great utility, are the means that fit men to begin enterprise and enables them to advance from inferior to superior in an ever changing panorama of progress. And there are also those institutions which make it a business to study special problems arising in the conduct of various industries, and make reports of the information desired by those who are in need of it. By such means industries are able to solve many problems that would otherwise remain unsolved. And besides these special means of knowledge, there are means of testing experiments and reports before being put to actual use.

The utility of knowledge is manifested in the form of harmony; for if there is intelligence, there is no waste, either in movements or in consumption of things. Industries spend much time and money in efforts to create a system of harmony, but as these systems are often without the support of intelligence, they are more or less artificial, and require constant care and attention. With intelligence there is fidelity to means and ends proposed.

When human itelligence is made to coordinate as proper means to proper ends, then there is least possible waste. There is more to show for what is done. When labor cuts true to measure, very few trimmings are left to display as waste. When the whole plan of operations run true to schedule, and the finish is made, very little waste results. The cost is reasonable and the results are consistent.

But some industries effect unavoidable waste, and the utilization of this waste is a matter of intelligence. The waste that results from the production of lumber may be used in the production of many things. In the production of iron, as well as in the production of cement, there is refuse which may be made to yield, as the intelligence of men admits, very consistent supplies of potash. From the refuse of gas production may come wealth, in the essential form of dye intermediates, and then analine, phenol, and other substances. Here is a challenge to intelligence; for without it intelligent people must outrival others.

Kindred to the foregoing may be mentioned the production of wealth from products otherwise subject to loss.; as, for instance, fruits, vegetables, berries, and many other products. Any method that will save these products, such as dehydration, storage, preserving, steaming, pickling and the like, effects that margin for the producer that is likely to save him from bare reproduction. And also, in this connection, may be mentioned other refuse, such as old cotton, old paper, old jute, old iron, old rope, old rubber, all of which can be made to yield wealth.

And in the use of means, there is the fact of wealth production in the fact of intelligent use of means. It is not only possible to reduce wear and tear, by the use of means that effect this purpose, but it is also possible to use the final effects of wear and tear in other directions. Another phase of the use of means refers to the use of the best means, as well as in the best manner; for instance, in the use of the cup system, aided by other improvements, in the production of turpentine.

As the producer advances from less effective producer to more effective producer, a consideration of some importance is auxiliary production; and this means a consideration of the production of wealth because new things, and new means of making them, are brought into use. There are new demands, new increments, new values. There is the use of new labor, new capital, new land, all bearing additional value.

Every new use involves another new use, and this new use branches out in other directions. Many machines are used in the production of what was never before used, and every machine includes the extension of labor, and the production of other lines of commodities. In the making of one of those machines that turns our finished products from waste paper, rope, and the like, there is not only an extension of the use of means, but in the use of machines employed in the manipulation of coke, of coal tar, of saw dust, and many other elements of waste, new means are invoked, and, of course, new means of making them; and the extension goes further with the means of making these.

One of the best illustrations of the expansion of enterprise, in the use of a thing, may be mentioned the product cotton. This small plant is very insignificant, but from that plant many different spheres of industry flow. On the seeds grow a fiber, from which it is separated by an invention that opened the field of industry in many directions. From the seeds of cotton, seeds that were formerly waste, many different kinds of enterprises produce many different forms of commodities; and that, too, in such a manner as to create not only very useful articles never before in use, but also in such a manner as to produce wealth. Cotton seed meal, used for many different purposes, comes from the effective manipulation of cotton seed. Cotton seed oil, an article employed in the production of many different things, is a product of cotton seed. And in the production of those commodities, there are the enterprises engaged in the refining of oil, in the making of lard, of butter, salad dressing, and cheese; paint oils and combination oils, and other articles. Lint is used in the preparation of cellulose, which is used in the preparation of celluloid.

But if wealth is to be produced, it is not only essential that men be intelligent, it is essential that they be in a system capable of making the most of that intelligence. It hardly needs the statement, if men are not in the capacity of individual endeavor, there is no consistent use for knowledge. An automaton is not a rational element in the production of wealth. As reason is the element of greatest value, in the production of wealth, and this reason is best employed in the individual unit endeavor, it is undeniable that intelligence counts for more in the individual unit system, because reason has a wider sway.

More wealth is produced when land tillage is by reasonable size tracts of land than when it is by great tracts of land, because there is the application of more reason. It must be plain enough that great many individuals, in individual unit endeavor, engaged in the tillage of many small tracts of land, will produce more wealth, and demand more things, than the same number of tillers employed long days for a single tiller or farmer in the cultivation of the same number of acres. The large tiller will produce a surplus of commodities, indeed, but that surplus is necessarily the property of only one individual; and it is not near so great as the aggregate of what is produced by individuals as independent producers; besides, what is made by the greater numbers is far more useful to the community.

The small tiller sows most and reaps most, and, acre for acre, will achieve a great deal more than the tiller of an unreasonable size tract of land. "Not only is it true that many lands least fertile when cultivation is extensive becomes among the most fertile when cultivation is intensive, but lands of all kinds are most extensively and intensively cultivated." There is intensive cultivation for the same reason there is extensive cultivation,– the individual active in his own cause. Adam Smith draws a parallel between tracts of land cultivated during his time in his country, by small tillers and by tenant farmers who tilled larger tracts; and the small tiller is most effective. Large tracts of land located in the western part of America are being carved into tracts of less acreage as the best means of wealth production.

What is said of land tillage is also true of the manufacturer; for the manufacturer advances the interest of himself and of the community, in the most extensive manner, when engaged in reasonable size industry.

The same holds with regard to merchandising.

It may be stated what is manifest, that land, labor and capital are in themselves of most value and represent most wealth when most of the people are active as individual unit enterprfse.

The elemental form, valuable in itself, contributing to the formation of other forms, more valuable, effects more wealth when individual intelligence exists than when it does not. The full employment of human effort is a characteristic feature of the enlightened man. The feudal system, with its slavish limitations, demonstrated, as nothing else could demonstrate, the futility of large tract cultivation, by means of serfs. The states of France, Germany, England, were not wealthy. But with the decay of the feudal system and the drift of population to the towns, and back again to independent cultivation, methods of cultivating the soil, as well as of production in general, brought new vigor of action. States that were impoverished grew to be opulent.

So the individual means the increase of wealth. Most men are engaged in production. Inferior means and methods, as well as superior means and methods, are duly supported. Inferiors engage in such a manner as to create more wealth than were the chief producing elements hugh producing enterprises. In the system which makes it possible for stock to be raised and marketed by the production of feed for that purpose, as compared with, and in rivalry with, stock raised at very much less expense on the range, there is then not only the additional creation of wealth, but also the greater creation of wealth in the greater margin of surplus over the cost of production. The same is true with regard to land tillage; for it is plain if land tillage is supported by extensive purchasing power, low grade lands may be cultivate and all the more wealth produced. It is also true with reference to manufacturing in general; for if manufacturing is without undue limitations then inferior enrerprises will be duly sustained, and the margin over less effective producers is a margin of wealth.

Thus it is that the crude conditions of acquisisition vanish, and men come to greater and greater means and methods of production, with greater and greater and greater results of endeavors. Crude means of acquisition gives way to others more effective. Crude means of manipulation give way to more effective means, with more effective results. From better means come better forms, and from better forms come greater wealth. "When the arts of production were crud, there was very little surplus, except where a strong ruling race kept the subject race hard at work on the bare necessaries of life."

To be more explicit, from first endeavors in all round endeavor, to unit endeavor by independent enterprise, engaged in the making of a kind or part of a kind, there is observed those results which means an increase in the volumn of effeets produced from the efforts engaged. While there may be surplus in all round endeavor, that surplus is very slight, and is not of very great use and so not of very great value. But in that system whieh makes for the individual as a unit, there is then production in such a manner as not only creates very effective forms, but also in such a manner as to make those forms of most value.

When human intelligence is made to coordinate in proper means to proper ends, then human intelligence and the arts of nature approach each other in the manifestations of great extent and beauty of forms. If men are wise enough to realize that nature gives most to man when men and reason are the active elements of endeavor, then nature is most compensatory and bounteous in supplying them with comforts and conveniencies. So what with the amenity of soil and the intelligence of human activity; what with the efficient coordination of means and methods, may be expected. And when it is possible for men to turn the incompatibility of human endurance to great burdens and wearing details, then, indeed, all nature lends its support to progrerssive mankind.

CHAPTER VIII.

OF CAPITAL.

Efforts make commodities and commodities make wealth. To produce what demands require; to effectively require what demands produce, means the production of wealth.

In effective and efficient means and methods, then; in effective and efficent management; in extensive-intensive individual enterprise and consequent extensive-intensive demands, exists the highly efficient means of greatest results, for there exists the greatest means not only of surplus over production, but also demands and those margins which admit of a surplus of gains from the surplus of products over consumption.

In any individual system of production, the thing produced is most always an element for use in production. Demands are an essential quality of the system. Land, labor, and materials, the elements of the less, in production, in whatsoever employed, are in demand for the purpose of producing the element of the greater in production. Each of these elements, a valuable element, because a utility in in demand for the purpose of production, are so used by the individual unit system, as contradistinguished from crude methods of all round production, as to be an element of capital in itself because an element of wealth used in the production of commodities. So land, as such, is not only productive of utilities of great value, but is made the subject of value in itself; and labor, as such, is not only productive of valuable commodities, but is made a a value in itself; and materials are not only productive of valuable commodities but also of value in their own condition and kind.

Each element is not only an element of appreable wealth, in any individual system of society, but also is a valuable form of wealth producing wealth, and, as such, is capital in itself employed in the production of wealth. The fact of labor is but the fact of contribution by that element to the synthetic process; and the fact of materials, of machines, buildings, land, is the fact of contribution by these elements to the synthetic process. The analytical form embodies the elemental forms of land, labor and capital, and the synthesis of the forms is the utility of the elements. But the synthesis is of a kind used as an element in the production of some synthtic kind. So the elements of production are utilites of wealth because used as means of industry. The elemental capital of land is analytical because positively dependent upon other elements; and so with labor, dependent upon other elements; and machines, materials, and the like, all dependant upon other elements.

If the analytical form of production, such as wages paid to labor; such as interest paid for the use of money; such as rent paid for the use of land, be saved and reserved for the production of commodities, then, of course, those who save possess wealth which is capital, because used in the production of wealth. If the revenues of land, which is rent, be employed in the production of commodities, either by the tillage of the soil or by the fabrication of utilities, that wealth is employed in the form of individual operating capital. If the difference between the income and outgo of wages received, be employed in the production of wealth, that wealth is individual operating capital. If the revenues of industry be employed in the production of wealth, that wealth is used not in luxury, which produces not, but in the form of capital, which produces commodities. In such instances, there is superior economy in the agreeable form of least consumption, which expresses the actual source of capital.

While it is a manifest thing that the intelligence of men goes a long ways in the production of wealth, it is also true that what is so intelligently made may not be so intelligently held for use. It is essential that men be as intelligent in saving what they earn, and in the direction of what they save, as in the way they produce. Direct consumption should always be consistent. If it is not, neither will indirect consumption. If direct consumption is great, indirect consumption must eventually decline; and whether that consumption be in the form of arms, or freights, or government, matters little.

The immediate foregoing should be excessive no more than the consumption of individuals. If the ends of wealth are plainly no more than gratuitous pursuits. then wealth must soon diminish. The gratuitous aims of men are by no means economic. One ends in waste; the other in production. Great inroads upon the production of wealth are effected by those who seek wealth merely as means of such absorbing influences. If such as this is great, inroads on resources of production are great. Every unit requires the means of production; if these means are diverted to some other direction, the means of production are to that extent unduly limited.

If the income of men is in accordance with the demands of labor, and if the income of production is in accordance with the extent of demands, and the outgo is in accordance with the prudence and knowledge of the individuel, there is opportunity for men to save for production; and as opportunity for production exists, there must always exist that prudence which adds means to means.

In this manifestly, exist the greatest use of capital, for there is the most of utility in wealth and the greatest use for capital. Wealth used as capital is wealth used in the most effective manner. Then, of course, wealth, instead of weakening production, augments it. All the elements of wealth are used as capital Then it is that all labor and all materials are used in that manner of interdepndence which makes for mutual advantage and reciprocal benefits.

And we know the character of society not by the luxuries of a few people but by the comforts and conveniences of the many. We recognize it by the great extent of individual industry. We know, or ought to know, that a society is useful in itself not by artificialities of use but in the progressive activitis of production; by the growth of fields, and the activities of manufactures. When men are more active in the industries than in the activities of consumption, without production, then, indeed, there is more wealth, and less in the form of luxury.

When the artificial over the artful prevails, then it is that irregularities must take place, for then it is that there is no sufficient support for the means. Railroads, used more for luxury than for utility, can but reduce the capacity of production. Sugar, used more in the form of non capital, than in the form of capital, must diminish, and not increase, the volumn of capital. And in the fulminations of dress and jewels,, and out door and indoor profusion, there is plain adverse relation of consumption to capital. Carried to great extents the relation of consumption to capital must be so irregular as make disaster follow such fantastic trail. Direct con-consumption is dependent upon indirect consumption in production, and if the means of this consumption are impaired, the logical and natural means of production are logically and naturally impaired.

Wealth, therefore, ought be directed in the right channels. Merchandising, the industry of distribution, should reflect the prudence of consumption. Devoted too extensively te those lines not essential to reproduction, or devoted to an excessive extent to lines essential to industry; as in the former case, to luxuries, and in the latter, to useless clothing. there is likely to be a final adverse balance in the accounts of many individuals; and, in consequence, there follows a diminution of purchasing power, a falling off in production and a decrease of active capital.

The difference between capital and non capital will reveal the difference between wise and unwise use of wealth. Furniture, used in mercantile establishments, as means of trade, and the utility supplied to final users, is capital in trade. And though the utilty of comfort thus supplied will vary with the capacity to enjoy, yet that capacity sets a rational standard byond which there is no prudence, for there is no utility, no use of wealth in the form of capital. And buildings, for use in the industries, either in the line of farming or in that of manufacturing, and merchandising, are employed in the production of utility, and, as such, are capital; but when buildings are used for purposes of excessive pleasure, for the vestments of withdrawing capital, then buildinge are not used as forms of wealth. Land used for the tillage of the soil, or for industrial building sites, is land used in forms of capital, but when used in princely forms of pleasure, land is not used as capital, So it is plain enough that the form of wealth has a great deal to do with the usefulness of wealth.

The fact of capital, that form ol wealth used in the production of wealth, is observed in this definition: "Capital is that portion of the annual produce reserved from consumption to supply future wants, to extend the spheres of production, to improve industrial instruments and processes." Broadly speaking, capital may be divided into three great classes, devoted to the production of utilities; that devoted to the sale of utilities, and that devoted to the transfer of utilities from place to place. Capital devoted to the production of commodities, is devoted to the basic cause of wealth; that devoted to the trading of commodities, is engaged in producing utility of almost equal rank, in any dependent system of endeavor, and that devoted to the transfer of things falls to the lowest rank, in independent-dependent endeavor; it is last in rank because it only moves the surplus products of a community. That capital devoted to the production of commodities is greatest in utility because it replaces itself with all the means of reproduction. Capital devoted to the means of moving things draws on this capital for its existence. Mercantile capital replaces itself only by change of hand. It performs a great duty, indeed, but the capacity of replacement is due only to the ability to create utility by great detail of duty. But as there is the production of utility by conformation of place and time in demands, so there is great utilty of this capital in producing wealth. It replaces itself a great deal more rapidly than any other capttal. In the retailing of commodities, the replacement is more frequent than in the wholesaleing of commodities.

In more detail, capital consist of retail stock on hand for disopsal to direct consumers; and, also, of stock on hand for disposal to indirect consumers, as tillers and fabricators. The capital of merchants consist of all the elements engaged in the production of utilities, including buildings, fixtures, stock, cash, and obligations due for credit extended.

The capital of manufacturers consist of buildings and so on required for the conduct of the enterprise; of cash on hand, of stock for working up, and the means and the methods of working it up. Also it consists of accounts receivable, and all fixtures.

The capital of the tiller of the soil, consist of the land used in cultivation, buildings used in that connection, stock produced and yet unsold, and cash on hand and debts due.

The capital of labor consist of all the means and methods of comfort and subsistence. It consist of the skill and experience labor possess, and the intelligence it enjoys. Labor's capital is chiefly ability to do.

But whatever may be the various forms in which it may be observed, capital, in modern parlance, refers, for the most part, to the funds assembled in one kind for the purpose of general use. Money is a very useful form of capital, because capable of serving all uses. A sum of money, representing the capitalization of the enterprise, not only presents a concrete form which measures the capacity of the enterprise, but it also presents a very convenient means of displacement and replacement of all forms of wealth. It may be easily split up into the requisite elements of production. All the elements of production are easily assembled; for the producer is able to puchase various elements from various sources, employ the various elements of labor required, and perfect the means and methods engaged. Land is rented, buildings utilized, power supplied, and all the multifarious details of production carried out, by the use of this invariable form of capital, admitting so well of measurement of quantity and accuracy of accounting.

Classification of capital refers to fixed capital, consisting of the implements and machines of production; and, in the field of trade, includes fixtures, the means of delivery, and the buildings necessary for the conduct of the enterprise. Concerning fabrication, fixed capital consist of machines and tools, as well as land and buildings, employed in the production of commodities. It consists of the implements, tools and machines, used by the tiller of the soil, as well as the land and buildings thus engaged. Circulating capital refers to what is used to purchase stocks of materials, advance wages, and liqudate all the liquid costs of operations. Money in bank is circulating capital; and so are bills receivable

It should be remembered that proportion is a very essential thing in the resolution of capital into the means of producing wealth, in general, for it must be plain enough that the best condition for the production of wealth, is a matter of that proportion of use which makes out reproduction. Demands and values essential to reproduction, are manifestly dependent upon proportion in the use of the elements of production. And besides, if this proportion does not exist some disturbance in the value of money is likely to exist. Money, in producing wealth, is employed as wealth in the measure of returns by demands.

Of course capital may consist of borrowed money. When loans are employed in the production of wealth and not in the satisfaction of useless wants, that employment of money exists which expands the use of capital, and extends the scope of opportunity.

But the source of this capital may also consist of subscriptions to an aggregate sum for use in projects of a nature too large for the individual to undertake. Then an aggregate of wealth owned by several is made to act jointly and as a whole by a few for many.

So it may be said that the element of money as the means of capital is of very great consideration. The element of money and the notion of capital have become synonymous. As the means of capitalizing, it sets the standard of endeavor and extent of operations, not that the enterprise may go no further, but the present capital is limited. Demands for the commodities produced by the enterprise may require an increase of production and so an increase of capital.

But prudent management dictate that reserves of capital always exist. Of course this reserve may consist of commodities as well as of money. There may exist conditions of shifting labor and changing demands; and there is very great variation in the production of certain kinds of commodities from the soil. So with regard to manufacturing. Reserves of stock in these instances works a great advantage not only to producers but also to final consumers.

Yet there is a variation of capital that is very natural; as for instance, the capital of retail merchants will vary with the capital of wholesale merchants, because wholesale merchants must carrry larger stocks and run capital over longer periods of time. Capital of fabricators must be greater than the capital of wholesale merchants; for manufacturers require machinery, more labor and greater extent of credits. The whole capital of tillers of the soil must be greater than the whole capital of the manufacturers because tillage is more extensive than manufacturing; but in particular cases many instances of manufacturing will exceed many instances of land tillage. But no more capital should be employed in the movement of things than is necessary for the purpose. There can be no more need of capital than is essential as means to ends.

With the individual use of capital there is the logical use of capital. The size of it makes the effect of it the ample means of replacing all that is sent away. This is always the case because the amount is consistent with the volumn of business exercised, and because the volumn of business is not so large that the values returned fail to support it. In any individual system of endeavor, capital can be no larger than the demands for commodities will naturally support. If it is so large as to fail in this, then the law of diminishing returns at once becomes effective. Logically and naturally, no enterprise may so increase its capital as to ignore the volumn of business, and the demands of consumers, for if it does, then, manifestly, the effect upon the capacity to demand is that reaction which must, in any individual system, prove more disastrous than effective,– the returns are the effect of imprudence.

With money as capitalization, it is possible to extend the production of commodities. Capital is of an individual nature, and is not oversupplied; it is in proportion, and being in proportion, effects those demands, those supplies, those returns, which duly supports the least effective elements and makes for the growth of all the units of industry. With money as capital, the common medium of trade promotes intensive activity. Men are enabled to do particular things in an intensive manner. All the various producers are able to depend upon the common medium of exchange.

Showing how wide the use of this form of capital may extend, it is only necessary to mention the industry of banking; for with this institution exists very many forms of endeavor, as well as many forms of extension. For it is plain that with the banking system goes credits, loans, exchange, and many other forms of activity. Also, with this institution exist many enterprises that would not be able to thrive without it. And there may be mentioned the great utility for individual venture, for it is possible to borrow money for many enterprises. The convenience to existing business is very great. Manufacturers, tillers, merchants, engaged in their respective spheres, find convenient means of relations.

Here, then, is the reality of the industries, with all their various forms of endeavor, largely dependent upon a neutral form of capital,– a form into which all other forms may be easily resolvable. All the conveniencies of activity exist. Labor, in all its vadied forms; materials, in many stages and forms of use; machines, and tools and implements, in all the varied forms of use, are brought together in their respective spheres by the magentic powers of money,

Capital, then, in proper form and proper size, is the means of that dynamic force which drives forward the accelerating powers of production.

CHAPTER IX.

OF INDIVIDUALISM.

The activities of the individual are like the activities of the members of a family; they are mutually cooperative and coordinative.

The active man is an interested individual in an intersting realm; for he is one amongst many who engage in those activities which makes each the aider and helper of each. Each, engaging in the arts of industry, along with each other, is dependent upon each other for the means of production. The variable things of each are exchanged with each other, and so coordinated as to effect by each an item and element of want in the production of commodities. Each is the thinking, doing, planning, requiring agent of each; each is the active, stimulative force of each. So as there is this dependence and this coordination, there is cooperation, so that the very fact of the individual is the cooperating fact of those relations which constitute society. The active man is an interested individual in a realm greatly interested in him because he is the member of the family state.

These societies are most active, most productive, wealthy and enlightened, that view the individual as the chief factor of socal activity. For the greatest activities of men the individual is the only factor. And they alone are individual activities that are distributive. Those societies are most progressive that are most distributive; and they are most distributive that are for the most part individual. Societies that are least active, least wealthy, are those that view the individual not as the chief power of production and distribution but as the subordinate instruments of a few. It is the state looking to easy wealth, by industrial organization.

But the greatest wealth of the state flows from society, whose powers not only organize the state but provides its government with ample support.

By the individual, land is consistently owned and consistently utilized. Most land is used, and most is made of what is used. It is made to yield to many efforts and support many men. Society is the beneficiary of individual cultivation of the soil.

With regard to labor, there is no doubt that labor is most extensively and intensively employed in the individual unit system of human endeavor. And it yields most weath. Most active, it is most skilful and most intelligent. More is made of labor when cast in the mold of the individual than when cast in the mold of the individualistic because the individual is most cooperative and most vigorous in the forces that effect the greatest quantum for each, and hence the greatest wealth for the state.

With regard to materials, there is efficient use and manipulation. Men know best what to do and make the most of material. Demands are best known and supply most effectively made out. Production is natural and loglical and not an artificiality.

And who will say that this is not the most real form of society, since it is an undeniable fact that demands are of sufficient character as to support inferior producers using inferior means and methods.

But it may be objectel that the individual is not capable of making out his own best good; that he needs some one to guide and direct his endeavors.

No doubt this claim may be true, if society is not a condition of the individual as a very natural system, with opportunity for improvement, and the means of skill and knowledge. It may be thought that some men, in any condition of human society that may be favorable for the betterment of mankind, will always be inferior, and some will always be superior; that there is a variable human trait in men which cause a variation in the qualities of reason and exertion. Such claims may be safely allowed and yet, it may be safely said, society is not a condition of nature ; it is a condition of the individual in demands, opportunity and cooperation, wherein all the members of society are available factors of endeavor. Some men may be inferior to others by reason of natural physical condition, or by reason of powers of mind, but in any natural, orderly, logical, condition of social life, all men will have opportunity of doing something, and, it is safe to say, when all men have opportunity of doing some thing, they will most likely be found doing many different things, each exerting himself to the utmost,–

they will very likely be found doing something in preference to doing nothing, as means of bettering a condition that must be intolerable. They will certainly do most in the opportunity te exercise reason, because reason is improved with the exercise of it. And men will achieve most because reason makes them highly effective.

It is not enough that a man is given a livlihood, that man must be a real social factor of society, a unit of wealth production and distribution, a unit of value in society, not a mere consumer of what others produce. Those men are active social factors who are cosumers in production. But no one may be as effective as he might when every one are impaired in usefulness by a system which conducts affairs upon the small scale of a few all absorbing enterprises, leaving men, in a great number of cases, no opportunity of producing at all. Of course there are wants, but there are not so many of them; and indirect wants cannot be very extensive when there are no healthy direct wants. Few men do most of the producing, and, in consepuence, they do not produce as much as the society otherwise could.

In the matter of land tillage, instead of improvements, low grade cultivation is the rule, and instead of extensive cultivation, it is very limited. Inferior soil is not made the subject of intensive production; for less utility it is turned into pastoral sites, and in many instances it is not used at all because demands are insufficient to support the cultivation of it.

And in the matter of fabrication, the industry is not fully developed, even when by a few large enterprises, and other enterprises do not flourish because demands do not justify, The extension of enterprise by the arts of efficiency is a very great thing, but destruction of rivalry is not, for destruction requires no art and no skill.

A very great difference exists in the logical growth of an enterprise and the incorporation of other enterprises under the same capitalization and management. There is a vast difference in the improvement of means of producing wealth and the improvement of means of making one or two men abnormally wealthy. In any system of consistent production, the growth of an enterprise is arbitrarily limited by the returns of production.. Extension may, indeed, take place, but, then, this extension is limited by the laws of diminishing returns, and not by force of diminished production, and subsequently increased prices as means of covering the loss of demands.

In the matter of labor, there is undue limitation of the employment of labor; and what labor is employed, is not employed to the best advantage, because the best advantage lies with those who ememploy. Employes are so numerous that returns are based on what employers feel disposed to return for so much service rendered, and not for the actual value of demands for labor. In this scheme of wages no respect is paid to the relation of ultimate demands to production. Only profits are considered in this abnormal scheme. Capital and labor posessing adverse interests, results in activities by each that are distinctly detrimental to all.

Machinery, in general, is not used in accordance with any economic principle, but solely as a matter of advancing the interests of producers. Machines are made to do not only what was formerly done by hand, but to limit the use of both labor and machines. What was formerly a matter of excellence and great utility becomes a matter of machine exploitation and the aggrandizement of a few.

It is not meant to say that some kinds of endeavors are susceptible of no extensive advance. Some enterprises are by nature susceptible of large proportions. But such enterprises are as much subject to the laws of diminishing returns as any other line of human endeavor. When advance goes beyond the laws of diminishing returns, there is decrease of results for the increase of capital involved.

Proportion of capital is a consideration of much importance. When employed in the production and reproduction of wealth, and there is failure to replace what is displaced, some producers must suffer. If too much is taken from the capital of another. supposed to replace what is displaced, that other suffers an impairment of capital that results in diminution of production. Carried out to its logical sequence, such a system must return more detriments than benefits.

The fact of the individualistic is the fact of semcivilization. The chief of a half civilized tribe, like the chief of a highly centralized industry, moves not by mutuality of relations and coordination of the elements of production, but by force and coercion. By means of various artifices the chief of a half civilized tribe, makes his subjects do his bidding; and his bidding is not for the good of his people, but is for the interest of the chief, whose sway is over a tribe not of civilized men but of ignorant classes. The chief and his tribesmen make a system; and that system is one of subserviency to the arbitrary will of a dictator.

It is only a matter of logic that such a system is very crude. Hunting and the pastoral are the chief means of existence. Exertion in other directions is extremely limited; and what is made is very crude in form. Things exist not only in crude form, but also in no certain quantity. Such a condition is manifestly a precarious one. There is no very extensive exertion because there is comparatively little to do, and not much inclination for doing. What is produced goes mostly to the chief. It is a very inconinconsiderate condition owing to the very inconsiderate position of men; and the condition is never improved because what is produced is limited, and no encouragement exists for the making of improvements. The cost of effort and of things is very great. No extensive production exists because the conditions admit of nothing of the kind.

Nor is there much improvement with the dawn of more civilized life. There are no adequate means of tillage; no art in the making of things; no great application to duty. No great opportunities exist. There is not very much for the many, but more for the few, and the few make away with this little regardless of reproduction.

And the same principles of existence prevails when population has multiplied and settlements have increased. The chief is still an exorbitant non productive consumer, to whose expense hard toiling men must contribute. In such a system land is not greatly cultivated because subjected to onerous conditions; fabrication is not encouraged because of the tributes extorted. Towns are subject to the will and caprice of an overbearing chief, and population grows slowly.

In progress, too, there is not much encouragement. There is no stimulation to progress; there is rather all discouragement. Men are held down to the obedience and will of an arbirary power, and the intelligence and activity essential to progress are absent.

Such a crude system extends its penumbria into civilization. It was this which the Gracchi sought to mitigate. Such was the system, practically, that existed in the decline and fall of the Roman Empire; such was the system that followed the fall of that empire and carried on the ravages of war, during the middle ages,– war by just such chiefs, supported by vassals of the soil, men boud to tillage and to war, at the will of a chief.

It was this feudal system that gave way to the later system of life. In the towns, the craftsmen became free workmen, with fealty due to no one but the ultimate lord, the king. He owned his own means, and received the benefits of his own endeavors. Emerging from the position of journeyman, he engaged his own capital, employed his help, and disposed of his own products in the production of his own revenue.

Here is observed the position of the individual during the decline of the feudalistic system; and we have in this a very striking example of the superiority of the individual over the individualistic; for the individual system prevailing in the towns, made out variety of life and variety of things. Men grew wealthy, and were soon in rivalry with the lords of the manors- men who derived their lands through force, and not valuable consideration. The towns multiplied in habitation and in wealth. The country declined in both habitation and in wealth. The towns drew both trade and people from the country. The country continued in the satisfaction of those whims of landed lords whose wealth was squandered in the satiation of wasteful wants.

But as remarkable and strange as it may seem, the indepenent master system did not last long. As it was the cause of the decay of the feudal system, so it was the cause of another system not much unlike it, the capitalistic system; and this cause is due to the same human traits that mark activities of human creatures. This trait is the natural tendency of the human creature to revert to original conditions of nature wherein individuals are subject to the forces of struggle and the strong.

The displacement of the individual master system began, in England, in the seventeenth century. Monopolies were then granted by the ruling head, for dealing in things, not as a reward for merit and inventions, but simply as a matter of favoritism, the same as great tracts of land had been granted in the feudal system. The evils of granting such monopolies were carried to such an extent as to arouse the indignation of the people. "And it was about this time that the trading corporation came into activity." It was this system which so well stimulated the forces of monopolism; for, by the eighteenth century, monopolies, in forms of corporations, had become fully established.

Taking out charters, corporations become the authorized entities of the state, but as they are of an impersonal character, it is an easy matter for men to do things that would not be thought of under any other circumstances. The wisdom and prudence that advances the interests of men is lost in that egoistic nature that has left its awful trail along the ages of men.

With charter come contributions to capital stock, as means of gathering large sums of money from individuals. People invest small savings in them, as well as large, because so often the only means of investing and earning. These investments form the nuclus of capitalism, and, in time, of monopolism. Investments larger than necessary are made. Instead of that activity which may tax the capacity of individuals, those larger investments are made that come to tax individuals out of competition and rivalry.

Charters and monopolism have been so intimately associated that they are hardly distinguishable. Derived from the guild and the ancient religious corporation, corporations are now the capitalistic element in operations of production and distribution that is beyond the scope of legitimate trade aud commerce; and is become so great as to defy the powers that created the possessors,

As land monopoly was by control of great acreage, and supplies doled out according to the fancies of the lord, so this modern system, in another form, is by control of great enterprises, with supplies doled out to suit capricious wills of industrial lords. "In certain lines a sufficient control of the supply of the particular line, say from seventy five to ninety percent, has been secured, to mark off prices within certain limits. The limits are set by potential competition and the diminution in demand as the price rises." The control practically regulates the sale price of the commodity. All other producers sell the same thing at the same price. If these producers sell for less, monopoly will sell for still less, and when the war is over monopoly remains alone, and, alone, sells at any price desired, because only public indignation remains as the barometer of price exaction. It is mentioned by Taussig that horizontal combination is the union, under single management, of a number of enterprises of the same sort or kind. The number is not very great, because they are already very large. The resulting combination is one that controls not only the units combined but also the whole line of price adjustment.

It is self evident that here is a system standing for the very opposite of what society stands for. Neither society, nor the form of government most consistent with it, means anything like subserviency of the many to the few. When speaking of society and democracy, no more is meant than the description of society as regulated by the people for sake of harmonious relations. These relations are of the individual as units of production and distribution, so engaged as to yield very extensive relations, relations coextensive with what may be called society. Any relations less than these cannot mean society. Society being of the many and monopolism of the few, no logic or reason can ever reconcile them.

They are in diametrical opposition; and the evidence of this is the absence of opportunity, the limitation of wants and the dearth of industry.

In the fact of the individual is plainly observed the agreeable and elastic fact of the division of labor, wherein most all men are fully engaged in the production of dependent things, and hence find wants extensive, demands large, and the opportunities of production a continuing factor of industry. Machines are of more consideration in the individualistic than in the individual, and this means few men and many machines produce in such a manner as to make most men non producers, non relational and non social. When this is the case the economic operation of an enterprise is not made to depend upon the wants and demands of those who constitute society.

The only position at all consistent with the true condition of men it that of the individual. With the individual actual division of labor exists, employment is extensive, wages are consistent with wants and demands– of men, because things must be made; of things, because men are demanding them. The individualistic gives first consideration to the economy of quantities; the individual gives consideration to the economy of operations in the effectuation of the supply in demand. The individualistic moves on the inverse order of progress, because opulence declines with the progress of the individualistic. In the case of the individual, general wealth increases with the increase of individual enterprises because most all are employed, and all those employed effect a great deal more than the limited supplies of the individualistic. In the individualistic the cost of operations is reasonable because the supply is limited to a limited quantity. The individual makes the cost as a whole much less, because the lesser elements to him cost in rates a great deal less, while the greater is made a matter of greater efficiency and effectiveness, not only of the operations but also of the greater individual output. Neither cost nor prices are natural in the individualistic, for they are adjusted to send out little and bring in much.

The individual grows in wealth by relations with individuals who posses the general qualifications for the purchasing of commodities– commodities in general estimation by all because in demand by all. The utility is far greater as unit kinds. Here, it is plain, may exist the true test of society; for if the condition is poor. there exists no real society. Whether a condition is sound or unsound, true or false, is judged by the condition and consequent position of the people. The ancient Athenians, with a class of laborers; the ancient Spartans, possessing a class of slaves; the ancient Romans, with a great class of vassals; the feudal system, with a great class of subordinates, marked very artificial constitutions of society, and, in logical consequence, those societies existed upon an unsound foundation, and an inferior quality for enduring condition– a quality that ultimately ruined all those states. Each had its rise, but each had its fall.

If the same form does not exist in modern civilization the substance does. The heart of our civilization possess a broad outskirt of fringing classes. Men are dominated by hugh capitalism, and everywhere they are inadequately employed, with inadequate means of subsistence and existence. So powerful have monopolies become the streams of civilization move sluggishly. Knowledge is acquired for ornate and not for useful purposes. Machines are made to take the place of skill and knowledge. All the fruitful qualities of men are dwarfed by the individualistic, and capitalism, like a couchant lion, is always ready to terrorize and destroy.

"The principal object of this science is to secure a certain fund of subsistence for all the inhabitants, to obviate every circumstance which may render it precarious; to provide everything necessary for supplying the wants of the society, and to employ the inhabitants (supposing them to be freemen) in such a manner as naturally to create reciprocal relations and dependencies between them, so as to make their several interests lead them to supply one another with their reciprocal wants,"

CHAPTER X.

THE ECONOMIC IDEA OF SOCIETY.

It is a very conspicuous fact that man is eminently social. He contrasts his status with isolation; for in isolation he is a dwarfed creature; in society he is a giant.

In isolation man is capable of no more than his own hands and mind are able to supply; in society he is capable of adding the intelligence and skill of many men to his interests. Isolation is foreign to his habits and his requirements.

Isolation is very much like the condition of the lower animal, self satisfying, and not at all cooperative. The lower animal is neither creative of means of production nor of the exchange of things in mutual benefits; for this animal acquires not by means but by force of satiation.

The lower animal is all acquisition, with no means, or results of means. Even primordial man develops the faculty of making the means of acquisition, and of displaying some results of those means. The animal is without reason and the faculty of creating forms and using them. While there may be instances in which the lower animal acquires by cooperation and of sharing the results of acquisition, and while there may be consumption from previous stores, yet there is found amongst them no such thing as the rational production of forms and the rational use of means to ends, and the exchange of varient things.

That pristine life of man, therefore, characterized by simplicity and crude condition, displays a great deal more than simple acquisition and consumption; for it displays the human creature as effecting the means of acquisition and of using the results thereof so as to create other forms, and it displays the rational creature making forms in such a manner as to create forms by cooperation, and, of course, as effecting mutual benefits in reciprocal relations.

Even in his crudest state, man is capable of what lower animals are not; he is capable of improving his condition. By force of that rational faculty of man which we call reason, mankind is able to discover and invent; and not only this, for he is able to make applications of his discoveries in the most effactive manner.

So we expect to find the life of man consistent with the rational and natural make up of man; we may naturally and logically expect to always find men in that position and condition which requires the constant and continuous exercise of reason. Each will be found in his own sphere of activity reasoning out his own destiny. Each will be found devoting his efforts to lines of activity peculiar to each. Each, in doing this. is an independent actor in his realm, and each is a conseqent dependent factor of each.

Here, it is plain, exists cooperation, not in mere acquisition, but in conscious production Men create what is wanted by men. No one is self sufficient. No one may well live the life of isolation, because no one is able to make all the means of satisfying all the wants of a rational creature. Rational creatures possess wants of many different things because each make different things. And herein may be observed the reality of social life. The dependent individual is cooperative.

And here, it is observed, lies the parting of the ways, for with the creation of forms and the cooperative use of them, man displays that ingenuity which perfects means and makes out progress. He adds means and things, to things, in an unceasing betterment of condition. On the other hand the brute remains in simple acquisition, with the crude and simple forms of things created by nature The brute adds nothing to these forms. It takes away from them. Instead of progress there is retrogression.

And although all men may not be equal with each other in all respects, yet the lowest man is superior to the highest animal; and this is a natural condition of man, for it is an indisputable fact that in the common faculty of us all, reason, all man are equal. And while it may be true that some men are superior to others, yet this superiority is due, for the most part, to habits and to avocation. Where there is variation of things produced, there is variation of efforts in the production of them, and a logical variation in the mental and physical habits of human creatures. But in any individual system of endeavor, this variation can not be very great. As Hobbes well says, "Nature has made men so equal in the faculties of the body and mind as that though there may be found one man sometimes manifestly stronger in body or quicker in mind than another, yet when all is reckoned together, the difference between man and man is not so considerable as that one man can thereupon claim to himself any benefits to which another may not pretend."

In any individual society of men there exists that condition of things which admits of inexperienced pretenders. Men are active in a system of dependent wants. Production is cooperative. It may be that the cooperating element and enterprise are inferior. Demands are extensive, however, and they support him. It is a matter of demands embracing the lower order of production; a thing that is characteristically social because admitting all men into the field of production and distribution— a very noble thing because above the idea of struggle and natural selection.

Each, in his own endeavor, makes out a variable line of activity, and this variability effects those demands which supports the lower order of production. Opportunity exists in the variability. So it is manifest and plain that society is a condition of the individual in that position of endeavor that effects relations amongst men. Men actively engage in varied lines of endeavor and find ample means of satisfaction in relations with each other.

Society is a family of individuals each doing what is for him best. It is a habitation of individuals engaged in the production of variable things– production and distribution according to the variable wants and variable requirements of a variable system. For here we have a system, as the division of labor, that means the dependence of kinds upon kinds. Man is much more than brute animal; he is a rational creature in a rational system of endeavor.

Man is a social animal, for he is productive of welfare by relations. Here we have the true nature and character of society; for we naturally measure society by the individual. Toiling man relieves the toiling man, not of endeavor, indeed, but of struggle and conflict. We look to the individual for the requirements of consumption; to him in the exchange of reciprocal benefits. We look to the individual for the advantages of variability; to him for the benefits of time and place. We look to the individual for those variable kinds which makes society a matter of extensive relations.

In detail, let us note the activity of the individual. Not producing those elements of production that enters into his kind, the individual demands of others what is essential in his endeavors, and, of course, in making these demands, there is an extension of the wants of others for the means of producing the supply. There is support of the producer supplying the one in demand, and not only him but also those who are engaged in all the stages of making the completed thing; as, for instance, the demands of the shoemaker for leather; and these demands support the producer of leather;

and the supply of leather is made out by the demands of the tanner for raw hides, as well as for the elements of tanning. The demands of the tanner for raw hides supports all the producers of raw hides, and the labor and means of producing them, as well as the animals from which they are taken. And the stock from which hides are taken is supplied by those who make it a business to procure the necessary animals.

Let us now take up the relations from the acquistion of hides. Here we have arithmetical progression; for there is a remove, in every instance, from one producer to another. In the sending out of the article of supply to some other producer, there is a remove of the whole thing, with the constituent parts of the synthesis. But this is clearly a matter of relations respecting a thing, aud is no more than a remove of the thing, in the form required.

Still, this remove contains the elements of geometrical progression, for plainly enough, with every remove goes the means of other removes. Let us consider labor, for instance: Labor, saving in the first remove, becomes social capitalist, engaging other labor, land and capital; and the thing sent out goes to others engaging, in every case, other land, labor and capital. From the apex producer, to the possibilities of the last in results from him, together with actual results to him, there is, in any individual type of human society, a vast extension of endeavors by the endeavors of others. There is that intensive activity of the individual in kinds that effects very extensive activity– activity so varied as to carry a great width of endeavors in the wake of production and distribution. Here, then, is a system that extends with the extent of population.

The fact of social origin is but the fact of the individual in mutual relations; and the fact of true society is the fact of those relations that are as broad as society, There is the individual dependent upon the individual. There is the demand dependent upon the supply. There is an extension of wants with the extension of production. There is a manifest extension of enterprises with the extension of consumption, and, of course, an extension of wants with an extension of enterprises. There is also an extension of the cooperative element, because there is an extension of relations.

Rational creatures, in the endeavor to satisfy the wants of subsistence, are the cause of all wants, both direct and indirect; and as they are the producers of the utilities that respond in the satisfaction of wants, they are logically social, because they are unable to satisfy those wants without being social. As the individual is the cause of utilities, he is at the same time the cause of relations Land, labor and capital are the means employed by rational men in the production of utilities, and, as such, are in constant demand by individuals, and so individuals are in constant relations.

Land is in effective relations with labor because there is extensive cultivation of it. Labor is in effective relations with commodities because activities of production and consumption are coextensive. Capital is in effective use because there is effective demand for the commodities that are produced; and this is the case because the ultimate consumer, labor, and production move pari passu.

The position of the individual is the position of a social creature in the production of a kind while requiring many kinds both direct and indirect. His position is dependent upon such a condition of welfare. That position affects that condition because the means of cooperation. His position as a social creature can not be altered because predicated upon that condition. He is in a condition of mutual dependence and reciprocal benefits; and he could not possess any better position because he could not otherwise satisfy all the requirements of a social creature.

Society, then, does not mean the individualistic. It does not mean the individualistic because the individualistic is exclusive and not inclusive, The individual is inclusive and not exclusive. The individual is both extensive and intensive; the individualistic is intensive only in a limited sphere of activity. The individualistic is centralistic in both endeavor and in opportunity. The individual is distributive in all these respects. As the individualistic increases the individal decreases; and as the individual decreases relations also decrease. On the other hand, as the individualistic decreases, the individual increases, and new vigor, new ideas, new ideals, pour forth in the extension of production and distribution. The relations amongst men extend not with the boundary lines of the indevidualistic but with the extent of habitation.

Civilization is the individual, as a man of reason, of will,- the intellegent element of diversified endeavor and diffused wealth. Civilization is the concrete expression of human reason and will with reference to a variable system of relations. Each, exercising his faculties so as to produce some peculiar utility, exercises his will in the means and fact of human relations. It is like the blind man carrying the lame man. Each renders a service to each which neither could render to himself. Reason dictates that each act for each because then each may do for each and render a real benefit to each. When such benefits are rendered in the form of means which aid the movements of men, while those who are moved feed those who move them, then indeed, no greater tribute could fall to men, than the tribute of intelligence in human relations. "That which gives rise to society is our own inability to satisfy our own wants, and the need we have for a larger number of things. Thus, necessity having compelled men to combine, with one another, society is established for the sake of mutual assistance."

Society is reason and will in mutual relations. Reasoning upon wants with reference to things, men create the various means of satisfying varied wants. men come to exerise their faculties in the arts of designing, of directing. There is the exercise of reason in the exercise of the faculties of perception and conception. There is the exercise of reason, too, in the perceptions of requirements in relations. Reasoning upon wants with reference to production, distribution takes place, and expressing the will in the activities of consumption and production, relations take place; and as relations are constant and continuing, reason and will are in constant activity. Reasoning upon things with reference to wants, men come to concrete expression of will. In the relations of production and distribution there is involved mutual agreement based upon mutual consent as to reciprocal benefits. "Society is purely and simply a continual series of exchanges. It is never any thing else in any epoch of its duration, from its most unformed commencement to its greatest perfection. Society is nothing else but a succession of exchanges. Security once established this means that men have a multitude of mutual relations, which all arrange themselves under one of the following classes: They consent either in rendering a service to receive a salary; or in bartering some article of merchandise against another, or in executing some work in common in which each makes a sacrifice to the other of what he could have done during the same time for his own utility; and he receives for an adequate epuivalent this part of the common utility resulting from the common labor."

Whatever the form of relations may be, the ultimate fact remains that society is nothing less than the fact of services rendered for services rendered, and is in the form of mutual relations and reciprocal benefits because there is, in the one case, requirement and contact with reference to mutual wants, and, in the other, agreement with reference to the exchange of what one has for what one other exchanges. One who follows a line peculiar to himself, while another follows some other line of a different sort, whether in the form of labor or in the form of materials, require what each possess, and as they thus require, come to exchange peculiar benefits, because a greater utility is gained. If it is a matter of wages there exists the want of labor; and the logical result of this is wages on the one hand and human effort on the other. The one wants wages and the other wants labor, and the mutuality in exchange of the one for the other results in the reciprocal benefits of labor performed, and of wages received. If it be a matter of materials or of the instrumentalities of production, variation of wants exist, and, in consequence, demands for dependent things, resulting in that contact of mutual relations which results in those reciprocal benefits that are the realization of wealth by society. One wants materials, and the means of using them, while the other wants something else, and as there are mutual wants and satisfactions, there are those relations which makes out benefits in social life. Each renders services to each and each enables himself to extend service in other directions If the service be that of land, it is clearly a matter of wanting the subject of a utility which one has not and which may be used advantageously by the wanting individual. The wants result in contact and agreement, and the benefits received consist of such means as make the recipient able to turn out other things. But the benefits are reciprocal because each receives exactly what he wants. It may be money; it may be other land, and whether money or land, the thing received enables the recipient to turn his results into something else.

Society is a system of rational activity in human contact and contract– a series of these activities of men in the contact of mind which results in agreement and relations. But it is plainly a continuous system of relations because nothing is done without reference to somebody else. In that dependent system wherein each is dependent upon each, there necessarily exists continual wants and services because consumption is not of what one makes; and as this means demand and supply in the satisfaction of wants, there is necessarily a continuous series of exchanges in continuous relations.

Such is the unvarying reality of social life, in which there are interlaced interests effecting those interelations that extends the means of relations to the least effective element in this realm. If we note the reality of society we can but note the reality of civilization, in very great contrast with the stupid order of struggle and conflict. For as society is an expression of reason and will, and force but the subjugation of that will, it must follow that where force is, there is no real society; there is conflict and disorder. There is no real civilization. There is no such thing as real society because there is no true expression of will even though men go through the formality of choosing magistrates. Where there is little independence there is more or less coercion; and where such as this is there is no real individual activity. Real activity stands for assent, force stands for struggle. The one means mutual benefits in the means of subsistence; the other means bare existence without reference to means.

Society is reason and will with reference to relations, and where this is not the case the case of society is a poor one. If we note the condition of in-inferior peoples before the entrance of more developed forms of society, we must note the fact of conflict and less the fact of ample means and full relations. The Philippine Islands were full of backward people, savage and brutal, before the American occupation. Prior to the influence exerted to an extent within its borders, certain islands in the Pacific ocean prefered to eat men rather to work them.

No means of intelligent endeavor existed; no means of cooperation in production existed. In both instances there existed a condition of conflict more than a condition of intelligent activity. Both instances supply the illustration of variation between civilized life, as supported by real society, or an approach to that society, and that condition wherein there is no approach at all, or very little approach, towards it. In the more civilized states men are observed as being in less conflict and with more harmony of cooperation, and a great deal more in results of variety, and far greater wealth.

For very effective comparison may be mentioned ancient systems of society or association. Egypt's ancient civilization reveales the possibilities of freemen. Although it was slavery that reared its pyramids, yet it was freedom of human activity that reared the glory of its real civilzation. The greatest age of the Persian world rested upon freedom of human activity; in its downfall existed slavery. In the democratic era of Greece, the arts were supreme and wealth was greatest. With subjugation all these elements of civilization vanished. The Roman world was supreme under republicanism; it was slavish under lost liberty and monarchy. With this destruction of Roman liberty went the ultimate destruction of Roman civilization, Ancient Rome fell an easy prey to the superior powers, and the force, of an invading foe. Following the decline of the Roman Empire, the individualistic Charlemagne, for France and Germany; William the Conqueror for England; Peter the Great for Russia, established in these respective states that condition of human existence called the feudal system. With the domination of this system there existed very little in the form of society. Men lived under the power of superiors. The drapery of darkness covered society, until the light of revolution in France broke through and once more revealed the tremendous powers of true social life. With the advantages of liberty before it, England diminished the severities of that system. Russia has recently thrown the entire system to the winds. Germany now enjoys greater libery. All these states are now more relational than formerly.

The difference between them may be observed in the methods pursued, for in the feudalistic system war was the rule; men produced as little as they possibly could, and what they produced did not go to strengthen the individual in the means of relations and the exchange of benefits; it went largely to satisfy the pampered wants of the lords. With the decline of the feudal system men became independent. The relations of exchange were greatly extended. Inventions followed discoveries, and new processes broadened the scope of human activity. Means of communication opened the world to men, and greater variety of things broadened the scope of human relations. Particularism became the rule; dependent kinds a general principle of activity.

CHAPTER XI.

OF RELATIONS.

The fact of social life is the agreeble fact of mutual relations. It is the fact of the individual producing a kind, or part of a kind, requiring of each other the means of consumption.

Society, in its true form, is not an all round system of endeavor by the individual; it is a system of dependent consumption and production. The dependent consumer, in his special endeavor, is dependent upon other producers for all the elements of consumption.

Consumption of a direct nature is by all those who earn wages. This consumption is necessarily by those who earn wages because all industrial operations are carried on by those who earn wages; and this is true whether these wage earners be menial servants or those who operate their own unit enterprises, since the service of the owning operator is an element of cost in production. So here we have the whole direct consuming class for all the commodities that are consumed in subsistence and existence.

Industry to consumers is carried on by distributors, and is called the mercantile industry because engaged in trading products of many different kinds, already produced by many different producers. But this does not necessarily mean, and in fact does not mean at all, that these merchants, engaging in the retailing of products dispose of them in all cases to direct consumers. There are other merchants engaged in the retailing of finished products for the benefit of indirect consumers. Indirect consumers procure the means of consumption from those merchants who devote themselves to the satisfaction of those wants. Yet, it is plain, the retailers of products to direct consumers support all other retail enterprises, because all other retail enterprises are engaged in disposing of products that ultimately go to direct contumers. An illustration will make this plain enough; for instance, the disposing of wool to producers of yarns is supported by the retailer of cloth. The purchaser of cloth, in the making of some household necessity, supports the retailer of cloth. If the purchaser of cloth happens to be a maker of garments this consumer supports the retailer of cloth and is supported by those requiring this household necessity. Another illustration is supplied in the case of machines, for machines are purchased by the indirect consumer from the retailer of machines. The retailer procures the articles turned out by machines and disposes of them to direct consumers. If the product happens to be an article used by fabricators or tillers, the same holds true. Both of these producers as direct and indirect consumers purchase of the retail element. So the matter is clear enough that the mercantile industry is classed as the industry supplying commodities that are essential elements of production, and industry supplying commodities of subsistence and existence, or the means of human dynamic forces, comfort, convenience, and everything that makes human effectiveness and efficiency

The direct consumer, is the wage earner to whom the retail element looks for the support of all indirect consumption.

The commodities of all retail merchants are supplied, in any individual system, by those who gather in bulk, products from one locality to another, as means of easy distribution to the retail element of the intaking locality. This means the wholesale industry which forms an important link between the final consumer and producers. It forms an important link because retailers are saved the trouble and expense of locating kinds and of transporting them.

So we have the producing industry, which engages in the production of utility by the change of form, and the mercantile industry, which engages in the production of utility by the change of place. The mercantile aids the producers of forms in the great utility of distribution. It aids direct consumption by increasing the utility of fabrication.

In the facilitation of place there may be mentioned another essential industry, a neutral industry, called the industry of transportation and communication, because engaged in the activities of contact and movement. Creating no utility by its own activity, it is merely the agency that moves utilities already created. This subject, as well as that of another neutral one will be noted more fully later on.

We may note here that the course of trade is from the producer of crude forms to the distributers, and from the distributers to producers. and from producers to merchants, and from merchants to direct consumers.

This may be illustrated in the case of cotton and wool. The growers of these staples do not send their products direct to fabricators but to destributors. The textile establishments do not procure from growers materials for the making of cloth, they procure them from those who deal in such staples. The various farmers, the various fabricators, dispose of the various products turned out by them to various dealers, and these various dealers distribute them to retailers who send them either to direct or to indirect consumers.

So we observe that there is a requirement of each which each supplies because engaged in varient lines of endeavor. The establishment that turns out cloth produces neither cotton nor wool. It does not merchandise cloth for it disposes of its products to dealers, who dispose of it to the makers of clothes; these producers turn clothes over to dealers for distribution. Dealers in clothes dispose of the stock handled by them to direct consumers.

But dealers are of varient kinds of commodities, and direct consumers may get of dealers every thing required by them while engaged in the various arts of production. The realm of merchandising is very great in variety; for all production is reflected therein and every element of primary consideration may be found there. The streets of cities, lined with the exhibits of many arts, no less than the secluded establishments requiring less publicity, are all engaged in those activities which supply the very many things independent producers require.

As the retailer is the last resort of the direct consuming class, so he is the resort of all the various producers, for he is able to supply them with the finished things required in the satisfaction of every want. The producer of wool depends upon the retailer, for bread, as well as for means of indirect consumption. Every person engaged in the production of flour, looks to the retailer for bread, shoes, clothes and all the mens of subsistence and existence. Indeed, all those who produce utility by the change of form, looks to all those producers who produce utility by change of place.

And from the general consumer, the wage earner, flow back the stream of new relations; for as they receive the synthetic whole, what they return is capable of analysis into all the previous elements consumed in production,– wages, materials, land, and all the various things that were displaced in production.

This means that some convenient means of relations must exist. This is money. This general means of relations is paid in wages to the whole producing class. It leads consumers through the busy shops, takes them over mountain, stream and plain, and into many climes; but it always sends back the means of reproduction. Producers of forms use it in the various necessities of their endeavors, but as they send it out to the merchants who sell the requisites of reproduction, as well as to labor, it goes to other producers, and then to the final retailer of commodities, in the form of finished products, for the returns, in money, from final consumers, those who earn wages.

It is by the use of an invariable thing for the exchange of variable things, that men are able to effect ready relations with one another. With this invariable thing as the measure and standard of exchange, all the various relations of men are made smooth and easy. The means of reciprocal returns meet and arrive at an exchange without the loss of time and expense. "An exchange is a transaction in which two contracting parties gain. Whenever I make an exchange, freely and without constraint, it is because I desire the thing I receive more than that which I give; and, on the other hand, with whom I bargain, desires what I offer more than what he renders me. When I give my labor for wages, it is because I esteem the wages more than what I should have been able to produce by laboring for myself; and he who pays me prizes more the services I render than what he gives me in return." An exchange of benefits take place. Commodities are exchanged for money because parts are required in production, and money is required for the purchase of parts; labor is exchanged for money because labor is required for purposes of production, and money is required for purposes of consumption, and just so far as wages are extensive just so far are reciprocal relations extensive.

To trade means wants and the satisfaction of those wants. Wants and satisfactions meet in the same person on either side. One doing one thing while another is doing something else attracts other things not done or not in production. The resultant want extends an offer of money, wages, commodities, and what is accepted is the means of satisfying the wants of each. There is an exchange of unlike kinds in the mutual satisfaction of unlike wants, in reciprocal benefits. They are benefits because each receives what each wants.

In this variable realm of social life, characterized by division of labor, differentiation is manifestly the cause of human relations; and relations, it is plain, are the cause of production. If it be a case of labor, in the form of scientific knowledge possessed by men, the differentiating characteristic of this kind of labor is the cause of wants for it, and the cause of want for money by it, for the purchase of things in production, to which other labor has devoted its time and effort. If it be a case of the application of that scientific knowledge in the production of anything, there is a contract for the employment of a directing head to make application to concrete forms. If it be the execution of resulting directions, it is then a matter of resulting employment of labor for the performance of necessary details to that end.

The tiller of the soil requires seeds; he offers money for these seeds. He requires labor, and he offers wages for labor. The offers are accepted. He then produces his supply of the greater product, wheat, and, disposing of it, receives an equivalent not in the form of an article of trade, but in the form of a medium of exchange, money. The one requires money because he has more wheat than he has any need for, or probably because he has no use for wheat at all. The other has use for it because he requires it in the production of flour, the line of his endeavor. With money, the tiller is enabled to purchase all the elements of reproduction, such as labor, seeds, fertilizers, and the like, for all these elements respond to the wants of social creatures.

The city is the logical mart of the country; and, as the tiller is in want of materials, so is the fabricator. He takes the raw materials of the country and returns money. One accepts money and the other raw materials, and the variable kinds with an invariable means, keeps up a constant stream of relations between city and country. For with money the tiller procures seeds, implements, clothing, and fabricated things in general. The city takes raw materials and converts them into those forms which the country requires. Clothing is made and supplied. Sugar is turned from the country to the city for refining and turned back again in a very desirable form. Both city and country are dependent, because both derive pronounced benefits from pursuing activities that are appropriate and characteristic of each; and, exchanging them, gain the great advantages of particular endeav.or

It is observed that the final realization of benefits of exchange with money is not in the money per se but in the things exchanged. Money is used as convenient means of disposing of particular kinds and of purchasing particular kinds, and the benefit of the disposing lies in the consequent power to acquire. But this power consist of value. The value of money depends upon the demands for it.

Of course the materials from wich money is made may be the subject of kinds in production. Metals are wanted for the production of money, and those who produce metals dispose of this commodity for the purpose of making money, The exchange carries benefits because one wants money; he cannot use metals; and the other wants to make money, which requires metals. Metals may be wanted for the production of many other things— in the production of jewelry or of plate or of statuary.

But there is a subtsitution of metals in the use of them for money; and in this there is an expansion of of relations. There is the greater volumn of means of exchange, as well as a greater extent of trade. In the production of the paper for the making of notes and drafts, and in the making of these convenient means of trade, there is an extension of productive relations. And the use of these effective expedients of exchange has the same effect of invigorating relations as improved machinery used in the production of commodities; for in the use of such means, like the use of those machines, a greater activiy is opened. In the use of notes, the credit of men effects an extension of relations. In the case of credit, based upon actual values in exchange, there is an extension of the return, and, of course, an extension of the use of money, and of the capacity to trade, since men are enabled to effect many transactions during the unexpired terms of a note. And this is the case with regard to a draft, for then one may use the debit of another for the payment of a credit, and, when the draft is paid, have made out several transactions. The same holds as to banking, for in the means of banking there is the exchange of debits for credits and of commodities for both.

Let us take the case of the tiller of the soil, who produces his particular kind and disposes of it to the merchant. This merchant, returning a note for the amount of the transaction, enables the tiller to procure the credit he may wish, at some bank. In the meantime, the merchant is in a position to effect many other sales of commodities from the country, And this is not all, for he may dispose of his commodities to those whom he extends credit and use this credit with a draft so as to settle accounts with the debtor from whom he has made other purchases. The fact of a dealer in cloth, being able to procure with ease those products that are peculier to a locality, and to settle his accounts with the textile establishment, by a time draft in favor of that establishment, through a bank, drawn upon the producer of clothes, who is in his debt, is the very consistent fact of money as a basis of prices, a standard of exchange, and the foundation of extended trade and commerce.

No great difference exists as to the nature of the production, or the place of variation. In the production of nets, and seins, for instance, yarns are used; and the credit produced in the purchase of yarns, may be used in the purchase of raw materials for the production of yarns, since the dealer in raw materials is paid by the debit of the producer of nets and seins. In the variation of locality, crockery is produced from quartz, felspar, certain kinds of clay, all procured from various sources, and, so procured, forms the basis of credit for those who supply these elements. The same is true of merchants, who, more than others, engage in trade. Merchants may give notes and drafts to their creditors, and, when they do so, extend the powers of a limited capital.

And the fact of a draft being given upon a debtor, in the settlement of a credit, may be the fact of a credit by the banking house advancing the necessary amount upon it. It may be that the draft is disposed of for the purpose of balancing debtits and credits, by institutions at both points of exchange, which forward funds in settlement of any final difference.

The retail merchant, with his kind, the wolesale merchant, with his kind; the manufacturer, with his kind; the tiller of the soil, with his kind, make out the fact of vigorous demands; and these demands are facilitated and made responsive by the utility supplied in the form of credit.

There is the individual, and there is the variety, and this means as much attraction as any other force of incompleted quantity. There is the elemental kind necessary for the finish of some other kind, and these essential elements meet like the elements in chemistry meet, in creation of forms by affinity. Men produce by trade, and trade to produce. Men so manage their capital, so consume in general, as to make out the greatest force of cooperation.

It may be advanced that independent-dependent production can but make for severe competition, and that such is the nature of men, when free to act, they will devote more time to struggling for markets than to the production of commodities. But it only needs the assertion, to show the fallacy of such a claim, that the individual unit, supporting demands by extent of dependent kinds, is a system of harmanious relations because based upon demands in ultimate values. Kinds required in the production of kinds, enforce demands upon a basis of values fixed by those demands. It is not, theregore, competitive, but cooperative.

If this is the true system of social man, social life cannot be a matter of competition, because competition is not cooperative. Men endeavor to produce the best they can so as to offer the best they can. That is not competition; it is rivalry. If it is rivalry that chcracterize social life, it cannot be a matter of competition. The two are different. In rivalry the inferior does not waste his time in locating markets, so much as he spends his time in endeavoring to turn out the best he can for the least he can. He endeavors to become superior in his operations by superior effects. The one who looks to competition is the objective producer who does not look to superiority. The one who looks to rivalry is the subjective producer who depends upon a system and his excellence. "Rivalship and emulation render excellence, even in mean professions, an object of ambition, and frequently occasion the very greatest exertions."

As a matter of fact, competition and rivalry possess very different significations. Competition means the endeavor of men to prevent supply by rivalry;

rivalry means the endeavor of men to attain a superior position in the production of wealth. The one refers to the will to destroy; the other refers to the will to construct. The one is the rational will, exercised in a rational manner, while the other is the irrational will exercised in an irrational maner. Competition takes by force and indirection what rivalry makes in the returns of cooperative endeavor. Competition exchanges no benefits; rivalry is mutual and reciprocal in benefits. Where the one is, there is the production of wealth; where the other is, only relative production of wealth. Few men make most and most men make little. Comparatively little is made of little effect, when competition holds sway. Rivalry is progressive; competition is struggle and retrogression. Competition ends in the destruction of enterprises and wealth; cooperation multiplies enterprises and wealth. Competition means centralized wealth and rivalry means that breadth of endeavor that is as broad as the wants of men.

But it may be advanced that the skill and art which marks progress, and displays itself more conspicuously in some instances than in others, effects that superior force and power which is inconsistent with the idea of opportunity; that inferior forces and power may have very little opportunity to begin operations, and no more in which to advance; that a few powerful enterprises produce most of what is produced and employ most of what is employed. It is only necessary to say, in reply, that the fact of the superior in rivalry is the fact of superior benefits to all, but the fact of a few powerful enterprises doing most of what is to be done is the fact of least benefits to all.

Producers may improve their condition by virtue of their position as social factors; but that improvement is not by virtue of violence but efficiency, supported by the cooperative relations of mutual benefits. It is manifest and plain that no producer, whether inferior moving towards the superior, or the superior moving toward the point of constant returns may go any further than returns supplied by general unit demands, no matter how efficient the unit may be. It may be so very efficient as to outrival inferiors in very many respects, but it cannot be so superior as to outrival other superiors in very many respects, for there are limitations upon which all those respects refuse to effect proper returns. The fact of the matter is the production of wealth, in any individual system of relations, is the unalterable fact of the constant cooperation of varient dependent kinds in constant returns, with abnormal progress meeting diminishing returns.

The cost of production can not be pushed any further than the returns allow them to be pushed, because the returns cannot be controlled by any one or any few save by the arbitrary forces of competition and monopoly. They cannot be owing to the fact of dependent cooperation and relations. Returns. therefore, cannot be increased to meet an excessive cost by any arts of the individual because the arts of all individuals eventually effect the returns to each. The price cannot be increased save by the increase of values; and values cannot be increased save by the increase of demands.

The increase of kinds is incident to the individual; and the increase of prices must depend upon that system. It is that system which makes out that variety effecting those demands that makes for proper returns in reproduction. It is plain enough that rivalry is division of labor,— the variable unit in variable enterprise effecting variable damands and values.

The individual producer is a self advancing producer. In the production of shoes, the want of various things ultimately strengthens the capacity to purchase them. To add to the production of shoes the production of leather; and to this the making of shoe parts, together with the field of retailing shoes, but destroys the source from which trade and relations flow. The profits of the tanner may be saved; but the profits of shoes purchased by tanners are lost. The profits of the wholesale merchant may be saved; but the profits arising from the purchase of more and finer shoes never can be gained. The trade, too, of the retail merchant, is a matter of greater importance than the direct selling of shoes, because the retail merchant effects that which a combination of retailing and fabrication cannot effect. Such a combination cannot advance purchasing power. The agencies of distribution set up by producers are not productive of purchasing power; they absorb all the profits which individual units should of right be engaged in making.

Those establishments that combine manufacturing and merchandising, endeavor to mingle varient kinds of endeavor, and, in consequence, seek to lure the people into the narrow field of their own welfare, Striving to benefit themselves alone, they endeavor to make all earnings flow into their coffers. If the result of this is a volumn of returns from a system of chain stores, that volumn is not so great as the independent returns of individual enterprises. The individual enterprise pay more wages, invests more in permanent property and makes more, unit for unit, in profits and wealth. If establishments incapable of retail trade, and dependent upon sales by representatives, combine to eliminate the services of these representatives, they add to decreased production decreased purchasing power. If the business is one of trade through factors and brokers, and these agencies are regarded as useless means of relations, there is a diminution of purchasing power and a decrease of trade. Such a system may thrive for a while, because other fields of endeavor may artificially and superficially support it, but sooner or later it will touch the bed rock of impoverised purchasing power, and either go down in disaster or float on an artificial bloating of gold.

Men are social creatures, and they are most social when individual in endeavor; for then it is that every thing made is made by a dependent process, and everything made includes exchange of products. As a matter of fact exchange and production go hand in hand. One can not move ahead of the other because exchange is for production, and as this is the case, the effets of cousumption is what exchange requires. All endeavor supports the means of an undiminishing system of relations, because the effects of endeavor supports reproduction. Capital does not encroach upon its source.

It cannot safely encroach because every purchase is the representative of all the elements combined in the thing sold, and must return the means of reproduction. That is what is done in individual endeavor. It is done because every direct consumer is the patron of all contributing to the production of what is purchased. The purchase of a book is the patronage of the individual book dealer, employing aid and paying the various items of cost in operations. It is also the patronage of the publisher who gathers the various elements of production from various sources and combines them into the form of a book. The finished book is published by units of endeavor in division of labor, and not by all-round endeavor. The printer who prints the pages is an independent - dependent element in the prodoction of the book, and as such, finds support in relations. The binder, effecting a distinct endeavor, makes out an essential consideration in the production of a book, and, in consequence, finds the support of relations. The manufacturer of paper is an independent - dependent enterprise; and as it is, comes in for a share of patronage in the final disposition of the book. The engraver, too, is an essential factor of patronage in the patronage of the book dealer. The type setter is much a factor of production, distribution, patronage, in the production of a book, as any of the other elements; and all the other elements are dependent upon the labor devoted to the different factors of production, and, as such, are patronized in the purchase of a book. The patronage extends still further; for, in the making of a book, wonderful machines are used and these machines not only represent particular labor, but also particular kinds of enterprise that finds sanction in the sanction of a book. And, by no means least, the fact of power, coal, water, is the basic fact of all these various endeavors. The synthesis is the book; the analytical is the ultimate patronage.

Men trade because they must make; and they make because they must trade; they both make and trade because they can do neither without the other. They make because they must live, and they live best when they are cooperative in making; cooperative in making as independent-dependent unit enterprises. There is mutual support because there is mutual advantages.

Society embraces the many hued complexities of the world. The variety of climate aud the varied effects thereof; the variation in soil and the consequent variation of things; variety in minerals and of mineral products; variation of habits and a resulting variation of production, with a variable system of production, makes out a great sea of commodities, always moving far and near in the satisfaction of human wants. The importance of trade and commerce may be observed in the historical fact of opulence characterizing those states that were commercial. "The first people who were induced by their situation", runs a sketch, "to apply to arts and commerce, were those who inhabited the coast of the Red Sea and the Arabic Gulf, so convenient for transporting goods from the Indies; though it is not probable that goods were first carried by land on camels. The people were the Arabians or Ishmalites, and especially the Edonmites. Their trade was chiefly with Egypt, which by that means grew rich and populous.

"Upon the conquest of Idumus by David, the scattered remains of that industrious people fled to the coast of the Mediterranean sea, where. as Sir Isaac Newton conjectures. they took Sidon, the inhaditants of which built Tyre; which, being found more commodiously situated for traffic, presently became more famous than its mother country. The Tyreans finding an immense vent for their commodities along the coast of the Mediterranean sea, among people who had just began to be civilized, and whom their intercourse with them, more than any other circumstances, contributed to civilize, grew rich, populous and powerful to an incredible degree; and notwithstanding they were subdued by Nebuchadnezzar, they were only driven from the continent. For they built a city equal, or superior, to the former, on an island opposite it, where they continued their commerce with the same advantages, till they were finally subdued by Alexander the Great.

"Before this fatal event, the Tyreans had founded many colonies on the coast of Europe and Africa, particularly Carthage, while by the intimate connection it always kept up with its mother country, and the free access the Carthaginians had to remoter parts of Europe, grew to a far greater height of opulence and power than commerce had ever advanced by any nation before.

"The taking of Tyre removed the seat of the same commerce to Alexandria, where the Ptolemys were great encouragers of commerce, and found their advantage in it. For the produce of the custums of Alexandria is said to have been two millions of pounds annually. Alexandria maintained the same rank in point of trade and commerce during the earlier period of the Roman Empire, but yielded to Constantinople on the removal of the seat of government to that place. At Constantinople the riches acquired by commerce long preserved the remains of that power which had a very different origin.

"During the ravages committed by the northern barbarians in their invasion of the Roman Empire two rival States, Venice and Genoa, rose from the most inconsiderable beginnings, and by their commerce with Constantinople, and Alexandria on the one hand, and the western States of Europe on the other, arrived at immense riches and power so as to be a match for the Turks when they had put an end to the Constantinopolitan empire.

"Within this period, viz. is the thirteenth century, the business of exchange and banking was begun by the Lombards and Jews; inventions of infinite advantage to the trading part of the world, which was now become very extensive. For before this time commerce had made considerable progress westwards, and many towns in Germany, England, the Low countries, and France, called the Hanstowns, entered into a league for carrying a very extensive commerce, whice they did with vast advantage, till their haughtiness and warlike enterprises gave umbrage to the powers of Europe, and engaged them to put an end to their confederacy,

"Venice and Genca were ruined in part by their mutual jealousies and wars; but what diverted almost the whole course of trade, out of its former channels, and which makes the most remarkable revolution in the whole history of commerce, was the discovery of a passageway to the East Indies round the Cape of Good Hope by the Portugese, and of America by the Spaniards. These discoveries they were enabled to make by means of the compass, which then first began to be applied to navigation. For about a century and a half these were the only considerable naval powers of the world; but the arrogance and ambition of the Spaniards, after the conquest of Portugal, excited the hatred and industry of the Dutch and English. The former first became a free, then a commercial, and then in a remarkably short space of time, a rich and potent state, and much superior to their former master. The English, in the reign of Elizabeth, began to follow their footsteps, and by a steady perseverance, and the help of many natural advantages, they have been continually increasing their commerce till it is at this day far superior to that of the Dutch or that of any other state in the world.

When this was written the commerce of the Americans was not very great; and never considered so much of importance as domestic trade, has advanced rather slowly. But it has advanced, and that advance leaves no doubt of the position which the country holds in trade and commerce.

CHAPTER XII.

DISTRIBUTION.

A fundamental principle by which production lives, moves and extends, is service. What we have in the form of dependent production is service rentered by abor, materials, capital, land.

If the office of capital is observed, it is noted that what is circulating capital employed in the object of concern, is used partly as materials employed in the making of the subject of concern, and partly as capital in the form of payments for the services of all labor, performed in the course of the production of that subject, as well as current items of expense incidental to production; and that what is fixed capital employed in the object of concern, is used partly as fixtures and the instrumentalities of production, and partly as land and buildings and so on. It is plain enough that in the synthetic operations of production, there is the service of values for values.

The tiller of the soil engages the personal service of others in the course of his operations of production; he acquires seeds and fertilizers, and pays the rent for use of the land he tills, and other things; he engages in his efforts the implements of his trade, the necessary buildings and lands, and is the mental and physical cause of service rendered, and so is the consequent cause of the resulting corn, cotton, oats, wheat, wool, and things of a rural nature, with whch he may serve others.

The fabricator, purchasing these crude lesser elements of production, returns, as serviee rendered for services rendered, the means of distribution by the tiller of the soil.

The fabricator, engaging all the necessary means of production, turns out the kind peculiar to his particular line of endeavor, and, disposing of them as service to the merchants, finds in the return of services from them the means of distribution.

And the same is all the more true respecting the merchants because they preeminently engaged in trade and replaces producing capital.

The fact of final consumption is the fact of returns. In the move backward, the whole rotation is kept in motion. The dynamic force of this rotation starts with the individual. From him as final consumer moves the services of them all; for, in this consumption is included every element of former consumption. The whole cost of the finished product consumed is included in the thing consumed. As the various elements were assembled in their respective realms and there combined, so the final thing sold and the final representative of it, stands for all the elements combined, and, of course, returns all the elements so represented. The purchaser of a sack of flour pays for it a part of the wages received by him as a producer of cloth. In doing this he patronizes both the miller who produces it and the labor employed by that miller. The price paid is the price of a sack of flour, and that sack of flour is replaced by a portion of the wages of a cloth producer. It is the same in every respect. The price paid for a yard of cloth is a part of the wages of the producer of flour, and that yard of cloth is replaced by the wages of the producer of flour.

The book, the shoe, or any synthetic whole, is representative of the elements combined; and, in its value. is so resolvable, for it may be analytically resolved into the constituent parts. As there is an analytical resolution of a thing into the parts of which it is made, there is what represents the parts in the form of the equivalent paid in monetary value. This other form of utility, the value agreed and paid in money as consideration, may also be resolvable into the constituent parts of the synthesis. The value returned to the producer for the thing purchased, is, therefore, distributable to the elements that produced it; materials, labor, the instrumentalities of production, and whatever else contributed to the making of the thing, according to the proportions engaged in the making of it.

So it may be properly said that from the returns of the retail merchant, there is sufficient for distribution to the elements involved in the wholesale establishments, of the cost of effecting sales, the cost of stock, the cost of upkeep, of labor, and any other itms of cost, according to the part played by each. The returns of the wholesale merchants to the manufacturers are sufficient to distribute the whole cost of production including land. labor and capital.

The returns made by the fabricator to the tiller of the soil for crude products consumed, are sufficient for distribution to all the elements entering into the creation of those products, such as seeds, ferilizers, means and methods, labor and the like.

It is a matter of utility, of utility in general services and satisfaction of wants in production and distribution, of production dependent upon distribution, that effects the social order and makes men mutual benefactors of each.

While consumption may in some cases be of a non-producing nature, may in some cases annihilate the capital involved, yet, as a general proposition, most consumption is in reproduction, while the last consumer always returns some consideration for whatever is consumed, whether engaged in production or in the wastes of luxury, or the employment of servants. The servant must patronize the clothier, and the consequent returns move in reproduction.

Were this not the case, very many worthy elements aiding production and distribution must come to grief. There are those engaged in functions of a neutral kind that are extremely valuable to society, as those who conserve it. There are those engaged in preserving the life of men, as physicians. There are those engaged in scientific and philosophic courses. These elements render effective service for what they rceive and receive the means of subsistence and existence for what they expend, and what they expend returns the means of distribution for what is consumed.

The service is rendered by the unit in want and the returns are sufficient for distribution and reproduction for all producing units The individual, in service, is the source of all distribution. He is able to demand because he is able to render service, and he is able to render service because he is able to demand. The foundation supports a great superstructure. The superstructure is great because the demands for commodities are great; they are great enough to support the must expensive means of production, and return the means of distribution and reproduction, because of sufficient values.

But the elements of prudence and skill enter into the fact of replacement. When not impaired by waste and imprudence, capital, will respond to the demand of reproduction. Neglect of duty, want of intelligent application, and lack of vision may cause a distinct failure in reproduction.

Reproduction depends upon the arts of indirect consumption. If indirect consumption is great reproduction must, naturally and logically, be ultimately affected. Plainly, if the use of land is unintelligent, or the use of materials is wasteful, or labor is out of order, then consumption is so great as to fall behind returns. No consistent distribution is at all possible. And there is no reproduction when materials encroach upon wages, or wages encroach upon materials. If either encroach upon the other, there is encroachment upon demands and the capacity of reproduction.

The use of land is a matter of compensation because an important factor in production. It will find compensation in proper conditions of production. A given acreage of land, devoted to the production of corn, will support the reproduction of it, whether sold or fed to stock. Wheat is a grain that may be used for many purposes. If the prospective return in any one case is greater than in another, the use is most likely to be in that inviting case. It may be that the price is greater for sale than for feeding to stock. If the feeding to stock does not return what may be returned from the sale of wheat, then the return will not be from feeding to stock, because the whole cost must be replaced. It will be sold. The returns, in the one case will not, in the other they will, be sufficient for the purpose of all replacement.

The same thing is the case with regard to the miller. That capital is employed by the miller which opportunity has dictated, and which the course of advance and improvement requires in the production of flour. He engages proportions respecting capital and trade. Machines are in consistent use; labor is well engaged and demads straight and unvarying. He buys the supplies of wheat required, turns it into flour, and kindred products, and these commodities go forth in exchange. The returns from this exchange replaces and distributes all that was consumed in production. It is the same with regard to the baker. The baker proportions means, and the results of operations return the means of reproduction. From consumer to baker; from baker to miller; from miller to wheat grower, flow those returns in demands which effects reproduction, partly because demands effect proper values and partly because producers have been prudent and wise in their operations.

Wages flow from labor. Men render those services which are duly incorporated in the resulting thing, and receives from the return service rendered due return of service for the labor performed. Whether owner of the operating enterprise, one emloyed by the operator, or engaged in duties of a neutral character, the element of labor enters into service, and the return of service is not from the bounteous supplies of a master, but from the service rendered by labor.

What is profit, or economic rent, is not a matter of gain from wages, for wages are individual, but a matter of values in general demands, which have their foundation in wages, based upon services, the reality of which is observed in the reality of consumption. When there is the conversion of the less into the greater, there is production according a system of cooperation. Men make only parts; they exchange these parts for values fixed in the extent of demands, and what is received goes into reproduction; not according to the plans of an artificial capital supported by machines and a constantly decreasing purchasing power. Economic rent is the effect of skill, prudence, intelligence, and the support of extensive demands.

If there is no economic rent there is inferiority of management. If there is not replacement of the elements consumed, the inferior will cease production; and, in consequence, values must rise, production must increase, demand for labor advance and distribution find ample support. If it does not, then one of the elements of production must be employed at the expense of the other. If materials are made to profit at the expense of labor, then capital seeks undue advantages; and as it does this, the laws of compensation become operative, for this undue advantage is met by disproportion of production and consumption, with a whole train of adverse and degenerating effects.

It may be said that the extent of unit enterprise and individual employment affects the extent of distribution to land, labor and capital; that land, labor and capital are coequal, coordinate elements of production and distribution.

CHAPTER XIII.

OF REVENUE.

Having considered the effects of relations in distribution, it is now in order to consider the effects of distribution in revenue.

To produce is a worthy thing, indeed, but to produce so as to derive revenue from the endeavors of production is still more worthy. What may be said in commendation of that social system which admits of this revenue to all the members of society. Is it not vary great since it is plain that the golden gate of wealth swings open to all alike.

The position of the producer is one of many in unit effort and ralations. He is the active unit of an active system; but he is also a dependent unit in wants and damands. But he is also independent, and largely dependent, therefore, upon his own resources for a large part of his success.

It is therefore proper to say, in order to produce so as to derive revenue from capital, three essential or primary considerations prevail; for revenue is effected partly by virtue of the position of the producer, partly by the skill of the producer, and partly by virtue of the standard of returns.

It is plain that demands for commodities effect those rates which make out returns to the producer. For if demands are strong or weak; if the individual is limited or extensive, demands may be more or no more than enough to barely replace the elements consumed in production. It is "from the products of the soil [or any thing else] raised in value by demands only that there can accrue that profit to the proprietor which has been called the profits to land, and is paid by all civilized countries." It is the existence of true society that those demands exist which make for margins over the whole cost of production.

If values created are high or low, the returns may or may not be sufficient to effect a margin over reproduction depending upon whether the producer is inferior or superior in the arts and activities of productiion. If they are low they will not return enough to effect a margin over cost of production.

So if production shall yild margins to the greater number, values must be consistent. "The profits of the farmer, of the manufacture, of the merchant, of the retailer, are all drawn from the priee of the goods which the first two produce and the last two buy and sell." While it is a matter of the utmost importance that the individual unit be extensive, it is also a matter of the utmost importance that the producer perfect his means and methods. The position of the individual depends largely upon his capacities and abilities.

In order to produce wealth, therefore, the inferiot producer must of necessity effectuate the greater from the less in such a manner as to make the whole cost of production as consistent as possible. So long as the prices are alike in rates to all alike, for the same kinds and grades of things, it is an essential consideration in the production of revenue that consumption be less than returns. While demands cooperate to a degree in this respect, yet they do not wholly effectuate revenue. That is a matter of the individual in both cooperation and coordination.

And although the returns are according to cooperative conditions, the margins are according to the effectiveness and efficiency of the producer. Within the individual position lies the opportunity not only to engage in production but also effect wealth. Within the margin between cost, with like rates to all, and the greater, with like returns to all, lies the wealth producing qualities of social man. If the whole returns, whatever the volumn, is not more than the whole costs, whatever the rates, there is no revenue, whatever the position may be. Be it ever so high, it will never be able to reap where it has not sown.

While the individual cannot vary his position in the individual system of production, he may very well vary his condition. He may vary his condition by effectuating most of what he has as the means of bringing to him most from prevailing returns. Has consumption been in accordance with sound principles of action. Has economies been effected and waste reduced. Has new methods been introduced and ultimate waste appropriated. Has old means been supplemented, eplaced, and labor made virile and resourceful. Has materials, labor, and the instrumentalities of production aligned themselves on the side of progress, revenue and affluence, or on the side of inferiority, ignorance, struggle. Has piece work, time work, or wages paid, proved a faithful consort of capital in production,

What is wealth but the expression of sustaining art in the activities of compensation for meritorious. enterprise. The inferior elements of materials, labor, and the instrumentalities of production, without value save by the favoring activities of men, are made far more valuable by the augmenting arts of men, art that pierces mountains, electrifies soil, transforms the crude, and makes the world a bazaar.

Labor, well engaged, adds well to the materials employed; and what is paid out in total wages for labor in production for a given period of time, by any particular enterprise, is the cost of that element in the production of the volumn for that period. What is paid out to clerks. when clerks constitute the element of labor in the production of utilities, is the amount of wages paid for the given period of time. If the utility is created by contract work, in whole or in part, what is paid out for a given period constitute the cost of that labor for that time.

And what is paid out for the other element of the greater, materials, prepared and compounded by labor and direction, for that period of time, is the cost of that element which has been consumed for that perod in effecting the particular volumn of the greater during that time. What is paid out for what does not directly enter into the constitution of the greater thing, but what is paid out in order to produce it, is an item of cost in production, and whether interest, insurance, taxes, or rent, or salaries, clerk pay, ordinary labor, fuel and power and upkeep, make up this phase of cost, the increase or the decrease of which, does not affect the price or value or returns.

Of course the greater or the less cost is a matter of greater or less net results of returns over cost of production; and whether greater or less is a matter referable to skill and art and intelligence. Has due ratio prevailed or not prevailed? If the exhibit is one of wages, materials, land, and all the elements of expense, as consistent, then these elements have been engaged according to a consistent ratio.

Proportion is a manifest matter of consistency because the nature of the enterprise may very properly require so much in materials, so much in means and methods, so much in land. If labor be displayed in any disadvantageous way, the cost of labor is then referable to the cost of capital, If capital be displayed to any disadvantageous extent, the cost of capital is then referable to the cost of labor. If the aggregate reveales the whole cost as consistent, then the elements of production have been duly combined.

The amount of materials consumed is the amount shown according to the aggregate cost for the given period of time. If the same amount remains at the end of the period as existed at the beginning of the period, the amount consumed is the amount purchased. If there is less on hand at the end of the period than at the beginning of it. the difference between the amount of the less, and the amount of the aggregate purchases for the period, constitute the whole amount of materials consumed for the period. If there is more, the difference is deducted from the amount purchased during the year as the amount consumed.

The amount of personal service is shown by the total amount paid during the given period, including clerks, when clerks constitute the element of production, as well as when they render miscellaneous services; and, also, including services for piece work, contract work or work by period of time,

The amount of miscellaneous expenses contributing to cost of production refers to the aggregate amount paid for the given period of time to miscellaneous labor, for rent of power, of lands and buildings, for interest, and all the items of incidental expenses.

The whole cost of production is the amount consumed in materials, in labor, in cost of land, and the whole amount of other expenses, as fully made out by the completed commodities turned out for the period of time covered by the operations. But the selling value of these products is greater than the cost of them. They are greater in utility and demand. They are greater in values. In exchange, according to the customs of demands and values, they will usually replace all the constituents of production, and more, for they will usually return, in values added by greater utility and demands, a margin over the whole cost of production.

If the results of production for a given period of time returns more than was consumed in the whole cost of production, consisting of the whole amount of wages; the whole amount of materials, and the whole amount of all other expenses, then the gross receipts indicate a margin of results; and the way in which this is shown, is the difference between the amount of all products on hand at the beginning of the period and the amount at the end of the period, added to the gross receipts for that period, less the whole cost of production for that period of time.

The enterprise, in whatever egaged, effects those repeated operations upon a basis of those advantages and profits which rolls up, in a given period of time, that gross income which shows a net gain in net revenue.

Inasmuch as the gross income, and commodities on hand at the end of the period, show greater results than the commodities on hand at the beginning of the period, together with the whole cost of production for that period, there is a differentiation that is due to the arts of the producer.

Here is a clear demostration between superior and inferior. All move upon the same basis of general demands. But some producers make more than others, and the way in which this is expressed is the realized economic rent which is gained. While this rent is due partly to the cooperative effects of demands, yet every producing unit engages with the same advantage. That is made a difference in results which refers to difference of human qualities engaged in the course of operations.

The arts of men, applied to static forces make out what is useful. The operator may be merely engaged in assembling parts, and he may be making small operations; he may even be renting all the means and methods employed by him, yet if he is effective in mangement, he will prove the cause of economic rent. He is the operator, whatever be the tenure; what is gained by him over the whole cost of production is a margin made above replacement and those who barely relace, and is the result and the reward of superior capacities and abilities.

It is said by Adam Smith that the rent of land "may be considered as the produce of those powers of nature the use of which the landlord lends to the farmer...It is seldom less than a fourth and frequently more than a third of the whole produce." Which means that the owner of the instrumentality of production gets that surplus which is differentiated over no rent as some rent, due in some cases to superior fertility of soil, but in most cases to superior operations of the tiller, and in all instances to operations of the farmer, as very well evidenced by the fact that no rent or differentiation is effected when inferior operations are carried on upon superior soil.

Properly speaking, when a tiller of the soil relies upon his abilities to make a revenue from land tillage, he stipulates for the payment of so much rent, and then employs the help required, purchases the necessary seeds, and fertilizers, and supplies his own implements; what is left after operations for a given period of time is a net surplus to the operator and not to the owner of the soil. "What remains of the crop after paying actual rent, should not only replace stock emloyed in cultivation, together with ordinary profits, but pay wages. What ever part of the commodity remains after paying rent of the land, and the price of the whole labor employed in raising the commodity and bringing it to market, must necessarily be profit to someyody."

The same holds with regard to any other form and kind of industry, for in whatever engaged the operator is the cause of net results, whether in land tillage, in merchandising, or in manufacuring. This is the case though aided by different forces, as in land tillag by those of nature, and in manufacturing by those of labor and machines.

The operator effects results of superior skill and management. And the results are economic rent. The operator, and not the owner, of the means and methods of production, effects the greater from the less in such a manner as to leave more from the operations of the enterprise than is consumed by it. Like means with unlike results, can only be due to unlike management. The elements of production, whatever the values may be, possess no inherent qualities of wealth production.

Of course the owner of capital is entitled to interest on that capital. What is net revenue to the owner of capital is dependent to an extent on the strength of demands for it, as well as the prudence and habits of the recipient. The habits and the customs, as well as the industry of the people, will determine the net results; for if habits and customs make out extent of demands, interest will be greater than when demands for capital is less. If the habits and customs of the people make out extent of expense by the recipient, then the net revenue of the recipient may not in any particular case be increased; but as it is possible that the habits of the recipient may be frugal, it is also possible that this net revenue may increase.

And with reference to rent, if the demands for land are extensive, rates for the use of land may be higher than otherwise. The gross income may be large because the extent of demands increases the income. But if the recipient of rent manages to keep expenditures apace with the increase of rent, then his net income from rents may not keep pace with his gross income. But it is likely that the recipient of rent may firmly hold his demands for commodities to a level somewhat lower than those demands made by others One consumer may derive more satisfaction than another from the same expenditures, and the same income; another may have less gross income but greater net income; another greater gross income, but less net income, than another. If the recipient of rent adjusts receipts with reference to repairs, and the cost of taxes, insurance, and the like, then, it is very plain, the net results of rent flow from the net results of personal outgo.

And what is revenue in the case of machines is a matter of use of these means of production. If the use of machines is a matter of ownership and renting to others, in various lines of endeavor, then the rent derived from machines is to an extent a matter of demand for machines. What is left after all expenses of upkeep and replacement, is a matter of net income to the owner of machines.

The net revenue of labor, like the net revenue of producers, is a matter of consistency and satisfaction of wants. If labor receives much and uses what it receives in the satisfaction of reasonable wants, then labor must have a residue of some proportions over and above income. The income of labor, like the income of landlords, will vary with the variation of the habits and customs of the recipients. The varied activities and productions of men effect varied wants. But it is this which also affects the income of labor; for if demands for commodities are very effective, then demands for labor must also be very effective. And it will not do to short cut with machines. The income of labor, like the income of capital, is to an extent dependent upon demands; for it is self evident, if demands for labor are vigorous, and the supply is normal, the income of labor must of necessity evidence a very healthy condition of things. While machines are of very great utility in the production of commodities, yet, when so used as to displace labor, and not fortify it, they diminish, and do not angment, the revenue of labor or of capital.

Comparatively speaking, labor receives the same for the same services rendered, and saves according to the habits and temperament exhibited; for, though it spends on the same scale for the same things, it saves in difference of quantity purchased and in the manner of using that quantity,–there is created a margin over what others in the same scale of expenditures create. Just as the same condition of effort effects the same income, so the same condition of expenditure effect the same results; but just as there is a difference in the skill of men effecting a difference of income, so there may be a difference of skill in effecting a difference of outgo; and hence one who has the larger income may not have the largest revenue, for, as pardoxical as it may seem, it is none the less a fact that the skill which produces results is not as effective as the skill that is capable of effective management.

While equal prices may work unequally in differences of purchasing power, yet equal prices affords the proper means of proper advantage to all. One may effect purchases different in kind and quality from those effected by another, still, like prices to like purchasers, supply like opportunity to all, even though some use that opportunity to greater advantage than others, and, in time, come to purchase things of different grade from those formerly purchased. One may, in fact, by the efficient use of income soon perfect a surplus which may be let to interest, engaged in production, or made to yield rent to the owner.

And although consumption may be independent on the part of domestics, yet if that consumption is excessive, it may be in diminution of net results. The transactions of direct consumption, whether by independent purchases, or from supplies advanced by others, may be very inconsistent, and the net results of labor may not be what they should, yet, if there is economy in the use of income, there is ultimate trend of readjustment, and the temporary decline in demands for commodities, under normal conditions, will give way to greater trade.

Such is the increment of all direct consumption over mony cost. Labor gains because it has some thing left after all expenses are paid for subsistence and existence. And it must follow that the income to capital is greater because the demands from all who draw wages must be vigorous. Labor, effective in its sphere, effects the greatest possible condition for the production of revenue to both labor and capital. This is made plain by remembering that replacements of merchandising move backward from labor to the original source. No difference exists in this regard with reference to recipients of actual rents. There are replacements of capital in reproduction just as demands are adequate or inadequate.

So it is observed that under proper conditions, the farmer receives revenue for the services he renders; that the textile enterprise receives revenue in consideration of services rendered; that the merchant receives revenue for the distribution of varient commodities, and the wage earner receives revenue for services of all the human effort rendered in all the activities of personal endeavor.

It is very clear that what aids in gross revenue is not so much extent of prices as the volume of transactions. It is a self evident thing that many independent producers of utilities effect many direct and indirect demands, and, of course, very many relations, carrying a great deal more ultimate effects than few demands carrying more value in each instance. So the gross revenue of men must be greater in the case of many different kinds in many different relations.

Profits, interest, rent, wages, move in greater gross revenue when industry is individual than when it is individualistic. They are greater and more certain because cooperation is more extensive. The increment of efficient value contributes largely to gain net results. If there is not a proper ratio of labor and capital, there is no proper ratio of individual enterprise providing a proper ratio of demands and production. If demands are not sufficient to return enough for some margin over bare cost of reproduction, then, it is plain, least skilful producers can not well keep up production.

But if there is proper condition of revenue, there is probable increment respecting wages,– actual in what is consistent with values in general. If the increment is respecting rent, actual rent is very likely to be realized because the returns are of a quality admitting of reward to proper consumption. If the increment is of interest, there are conditions admitting of reasonable revenue. If it is regarding capital, it is because conditions so admit. Money is used as means of compensation, and the rates of that compensation are consistent with demands for things in general, and, using this money so as to leave a remainder over consumption, is real compensation because an exprcsion of the individual in independent coordination and dependent cooperation.

The wages of labor; the income of enterprise, of all land, effect the gross revenue of a society. "The gross revenue of all the inhabitants of a society, comprehends the whole amount of products of their land and labor." The net revenue is what is left after the costs of production, and of subsistence, are deducted. "If the exchangeable value of the products exceeds that of the annual consumption, the capital of the society must annually increase in proportion to this exeess. The society in this instance lives within its anual income, and what is annually saved out of this annual revenue (gross income) is annually added to its capital and empioyed so as to increase still further the annual produce. If the the exchangeable value of the annual produce, on the contrary, falls short of the amount consumed, the capital of the society must annually decay in proportion to this deficiency. The expense of the society in this case exceeds its revenue."

CHAPTER XIV.

OF VARIATION IN REVENUE.

Having considered revenue, it is now in order to consider the variation of revenue.

As the circumstances of production and distribution vary, so must the revenues of production and distribution vary. Different causes make different effects in the production of revenue. The fact of individualism is a contributing fact of variation in revenue. And there are other causes; but the next in rank to that of individualism is the natural cause of power, as coal supply, or other means of power. The variation of soil and climate makes out a variation of revenue.

There must be variation of revenue when there is variation in the means of power, because when some possess advantages in this regard, such as water, or coal, or electricity, over another, or others, there exists the means of greater revenue for those who enjoy the greater advantages.

Variation in climate will produce variation in revenue in the tillage of the soil, when tillage is with reference to the same kinds. Some climate is more conducive to the cultivation of some things than other climate; and the quantity produced will also vary. The raising of the same thing, in both climates, may not effect very extensive variation in revenue if there is no great variation in land fertility. If there is variation in land fertility, even in the same climate, there is variation in revenue. There is variation in revenue in this regard with reference to manufacturing, for the products at hand supply many advansages. But they do not supply all advantges; and it may be that the climate producing the raw materials, is not conducive to indoor labor, and, probably, unsuited for effecting the best qualities from the quantities produucd.

Revenue will vary with variation of population, as when the country population drifts largely to town, the production of basic commodities is reduced, demands are increased, prices rise, and the revenues vary.

It is observed that the division of labor makes for difference in the kinds and qualities of human endeavors, and of the enterprises engaged in production. This necessarily means a variation in the revenues of men and enterprises.

And it is also observed that there is variation in the qualities and kinds of means employed in the same line of production. There are inferior means, inferior methods. inferior labor, effecting inferior results. "It never happens, in any community, that all engaged in a given industry, are carrying on their operations in the same way. Some have better plants , better organization, better location, than others, and bringing their products to market at less expense, and selling at the same rates, reap larger gains." When conditions are otherwise alike, location is of some advantage in the effectuation of revenue; but this advantage is by no means primarily due to matters of taking things to market. It is due more to the element of nature favoring the production of particular kinds of things. In this respect some locations are absolute, and are very generous in the yield of particular kinds, while other locations forbid the production of them save at great expense. Those locations that possess a middle ground, unqualifiedly favoring certain kinds, somewhat alike, present less difficult problems in the satisfactory production of the commodity. It is possible to overcome the advantages that ordinarily make for greater results, when both organization and effective demands cooperate to this end. When the rates are the same, in the same lines of endeavor, and a small difference exists in the natural circumstances of production, effective management and skill will often effect more in the less favored locality than is effected in the more favored locality. But when organization and management and locality all contribute to the production of revenue alike, then there is variation due more to natural conditions than to coditions created by men.

With regard to like qualities and skill, and like management, within localities variable as to advantages, it is manifest that there must exist such variation as is due to advantages of location alone. This must be true with regard to land as well as with regard to any other means of production. Land, of equal quality, managed with equal skill locted unequally as to many advantages, will, in general, produce unequal results. But unequal management upon equally located land, will also produce varient results in revenue. And superior management upon land of inferior location, must overcome, or greatly reduce, any variation of revenue due to variation of expense in marketing products more favorably, from more favorably located land, because management, and not location, is the primary element of revenue making. Land located near a city, may be less productive of revenue than land located further from the limits of a city, on account of the more distant land being more intelligently cultivated. And fertile land distant from a city, will ordinarily produce more than less fertile land located near the limits of a city. But it is manifest that less fertile land near a city, will produce more revenue than fertile land distant from a city when the former is more extensively and intensively cultivated.

And this holds true with regard to fabrication. It holds with regard to fabrication because a plant may be well located for the production of certain kinds of commodities, and yet fall behind one not so well located. Natural supply of raw materials and of those forces of nature which yields supplies of ample power, may yield formidable advantage in the production of revenue. Plants located near such advantages may turn out products at less cost than those located less advantageously, and, sending the results to market, upon a basis of the same rates for the same kinds, make out a clear case of differentiation in the production of revenue.

A plant located near a city will ordinarily possess greater advantages as compared to a plant some distance from it; but this advantage will be neutralized by the location of plants near the more favorable source of power. But if the element of raw materials is taken into consideration. the advantages of favorable location are many. The greatest consideration, in the field of fabrication, is with reference to raw materials and power; and when both of these essential elements are combined, there is the greatest possible advantage, even though location be distant from a city or town. But when raw materials, power, and location, are all made to coordinate as to advantdge, then there is that position in the activities of production that is superior. Of course when conditions are equal, there may be variations of revenue owing to difference of skill and management; and when conditions are unequal, superior skill and management may effect equal results. Skill and management are of the utmost importance in the successful operation of a fabricating plant. While it may not seem that equal skill in fabrication and land tillage may effect equal results, this must be true when tnere is no means of overcoming the inividual element in both spheres of operations.

The same principles are applicable to the industry of merchandising. Those establishments located within the limits of cities and towns enjoy more advantages, and reap more benefits, than those located in the country; and those favorably located in city or town, more than those not so well located. The same is true of management; for it is a matter of common observation that those establishments well managed effect more than those possessing advantages of location. It follows that those who enjoy the same advantages of location, but exercise variable skill, must effect variable results.

When other conditions are the same, new operatives, in either land tillage or fabrication or merchandising, will ordinarily display results inferior to those displayed by more experienced and longer established enterprises. There is manifest differentiation in skill and management; and consequent differentiation in net results achieved. But it does not follow that new enterpsises will always prove themselves inferiors in the ranks of production and distribution, or that they will in all cases be inferior beginners. Succession of endeavor operates to promote the conditions of opportunity and the conditions of production and distribution. It is even possible that new operatives may measure up to a high standard of endeavor, because there are always, in any enlightened order of society, such advantages of gaining the essential prerequisites of skill and knowledge that the capacities of men are ready for effetive effort. Men of skill not only begin, but also render valuable assistance to others, and, in these respects, effect a desirable standard of endeavour and self interest. We have in this agreeable condition rivalry, indeed, but then, we also have the means of full and complete extension of endeavor, in a very progressive form, to those who may be least effective producers. Indeed, it is possible that the least effective producer, in an enlightened community, may be more effective than the most effective producer in another, owing to the fact that the general standard of endeavor is variable.

Production of commodities is carried on within the margin of ultimate demands and superior management, and results effected at the point of this margin, and those made all along the line to the final limits of diminishing returns, are results produced by varying elements of capacity, influenced to an extent, by the variation of demands. Results within this margin may be narrow or wide, just as skill and management is effective or ineffective. But skill and management may vary from time to time within an enterprise, as well as with respect to other enterprises. It is self evident that in the making of improvements, effects will vary. The producer who makes out more than former results reveales the capacity for progress. If he makes out more results at the same former costs, or the same with reduced costs, or with increase of cost a great deal more, there is in every instance a variation of net results achieved. But this margin of the inferior and superior possess limits beyond which it is not possible to go; for it is possible to encounter adverse results if effort is made to go any further. If the producer increases cost with expectations of increasing net results, it is possible that the margin between the limits of the inferior, fixed by demands, and that of the superior. fixed by returns, may be of no avail, for it is likely that extent of cost pushes the margin of returns very close. The returns will be just enough, or probaly a little more than enough, for the support of reproduction.

To advance; to progress; to effect differentiation between former position and later position, is to effect very desirable variation in the production of revenue,– a very desirable thing, indeed, because the salutary means of wealth production, the substance of a sound and substantial condition, though variable. It is variaable because it is progress. If there is no variation there is no progress. It is self evident, therefore, that variation is the life of healthy social activity. So it is doubtless best that natural limits fix the progress of individual enterprise, lest, in progress, men diminish enterprise, and come to injure themselves through static conditions of constant returns. There is diminution of enterprise and capacity to produce wealth, when advance is carried beyond those limits, fixed by ultimate values, called diminishing returns, returns that are governed by those values. For, as the inferior becomes the equal of the superior, that stage is reached, in which revenue varies only according to variation of skill and management. If there is undue increase of capital, that stage is reached wherein progress is squarely met by returns that move pari pasu with outgo, or constant returns. If producers insist on going further, they will, if so fortunate as to be a member of a true type of society, meet with decreasing returns; there follows an inverse order, and not a progressive order, of returns on the increase of capital and the extension of enterprise.

It is, then, an unwise policy that makes additions without consistent benefits. To add greater labor when demands do not justify such additions; to add greater forces of production when demands do not support such additions, is to send increasing returns up to constant returns; that is to say such a course increasing the margin between income and outgo, gives way to increase that is effected more by demands than by management and cost, so that if the cost is great the returns may move in an inverse direction with the increase of cost. When the returns respond regularly to the outgo, the extra hands, the extra machines, the extra unit of capital, narrows the margin of cost and returns by making cost too great and the consequence inadequate.

The failure of revenue, in any case, may cause an increase of efforts or a decrease of efforts, according as the inferior is moving forward or the superior is moving backward. Prudent men will make additions or substractions, or some other change, when there is some decline or total failure of revenue. The inferior may create the same quantum at less expense, or more at the same expense; the superior may effect the same results at the same cost or at less expense; or, comparatively, the inferior may match the superior by producing the same quantity at less cost.

Labor also is susceptible of variations in the making of revenue; for it is plain that when inferior skill exists in the same line of endeavor, there is bound to be inferior results. There is that intelligence and skill that marks the difference between the inferior, who is not so skillful, and the manifest superior, who is advancing. That the individual distinguishes himself within a division of trade and endeavor, is plin, for he may show his qualities by superior results. The manner of doing what is to be done, must clearly unfold itself in what is done. It may not only reveal superior finish, but it may reveal superior activities; and not only superior activities, but also superior knowledge. One may not only advance from the performance of ordinary duties to performance of duties of management, but he may distinguish himself by the superiority of results achieved.

There is variation of results, produced by variation in grades of labor. In the same line of endeavor exists different lines of activity. For instance, the labor of management is productive of more revenue, by the individual, than the labor of execution. The labor of supervision will effect more revenue than the labor devoted to menial activity. The labor of direction will make more revenue than the labor of management, and that of chief more than that of manager. The chief is the organizer. As an army that is well organized, and well trained by a skillful general, excels an army that is not so well trained and directed, so labor that is well trained, and directed by a skillful chief, gains a great deal more, for all concerned, than any other concern not so well prepared for victory in that valor far more glorious than the field of destruction; a statement that may be discounted by some martial souls, for whose benefit the reference is made to the golden age of Pericles as more glorious than any thing Philip of Macedon bequeathed to posterity, and the civilization of Egypt reared upon a basis of art more than upon the destroying forces of war. And it may be said, too, that the arts which advance intelligent and aesthetic pleasures and sports are superior to those which advance war, and they are more effective in the balance of population and the general means of existence.

When labor is well trained, very much more is effected than otherwise, because every element of effort is harmonized. Every machine is arranged, and every action calculated, as positive means to positive ends. Materials, machines, and labor, are coordinated, and loss, and waste, diminution, are eliminated.

Of course the income of labor, like the income of producers, is varied by the variation of results made out in the matter of consumption. The results vary because there is a variation of the manner of consumption.

But there is a differantiation of revenue by reason of difference in kinds of industries. The difference to labor is due to the difference in nature and character of work done. The locality and the kind will effect variation of revenue. The revenue of those who are engaged in the making of locomotives and of ships, must show a margin over that of the maker of shoes. So with reference to the kinds of industry in general. The unit wholesale merchant makes more than the retail merchant; and manufacturers, in fact, generally, more than tillers of the soil. And with regard to localities, labor will make more in a locality of agreeable conditions of weather and housing, than in localities devoid of such advantages.. It will make more in localities well suited for the operations, than in localities not so well suited. Manners, customs and habits, prevailing in localities, effect variations in revenue. The revenue of those who live in the eastern states, China, Japan, India, and the like, are very low as compared even with those of central Europe. And those of Britain and America are superior to those of western Europe.

With regard means, there are those industries in which the element of fixtures is least and circulating capital is most, as with merchandising. The necessities of management and direction are greater in some instances than in others, with a variation in revenue. As compared with those industries of less detail, such as those werein the fixtures are most, as in some lines of manufacturing, the variation is natural. Still, those manufacturing enterprises which require peculiar art and management, require special art and skill, and in consequence are most effective when most consistently equipped.

Very different results will be effected in case of alternative advantages. An instance is the production of feed for raising stock instead of grazing. Revenue will vary not only with reference to the feeding of stock, but also with reference to the production of flour. And revenue will be in different amounts when farming takes the place of gardening. Fruit growing, may effect returns more desirable than those effected by gardners, regardless of location; but gardening of an intensive quality, such as systems of artificial forcing, is most effective in locations near centers of population.

Expediency may exist with reference to manufacturing. Sometimes some things may be more remunerative than other times. Sometimes demands are for different quantities of the same things, or sometimes for different means for the same ends. Changes in demands are effected by changes in tastes and social conditions. If the notions, the fancies, the tastes, of the people, undergo a change, more or less complete, then wants change and demands logically shift from kind to kind. Demands for old commodities decline, while demands for new ones increase. So, too, in the case of war of various kinds, of prohibitions, those changes in wants take place which change the stream of demands. Then arise problems whether to continue producing old things, on the same old scale, reduce the production of them, or change to the production of something else. The enterprise engaged for a long old age may come to find its system, its line of products, its trained labor, more or less displaced by some new condition of demands.

If the enterprise is so equipped that the same means and methods may be used in the production of one kind in active demand, and so altered as to effectively meet the changes in demands for other kinds of commodities, with little or no expense, the question of expediency is easily solved; but when the enterprise is so equipped that changes for the production of new things entails heavy expenses, then the expediency of production becomes a question of values returned by strength of demands, If values are not sufficient for the production of the commodity, prudence dictate that a change take place, either in the method of production or in the production of a new line demanding more producers.

Variation of production will be exhibited in variation of demands, because with increase of demands in one direction goes decrease of demands in another; as in the case of automobiles goes a decrease of carriages; in the case of potatoes goes a decrease of wheat; in the case of war materials goes a decrease of things produced in times of peace; in the case of inventions and discoveries goes a decrease of less effective means and methods. With an increase of land for factory sites goes a decrease of land for sites to reside on. With an increase of new building sites goes a decrease of old ones.

With a decrease of machines goes an increase of labor; with an increase of labor goes an increase of demands, and with an increase of demands goes a decrease of centralized means. With an increase of centralized means of utilizing products, goes a decrease of the means of consuming them. Wherever there is decrease, whether of food, of clothing, of materials partly finished, or of the means of production, there is what may logically be found in any logical condition of society, a logical increase in another direction. There is a decrease of values in one direction and an increase of values in another. The demands are greater or less, and these greater or less demands vary the values of things. It is thus that the revenues of men are varied. They increase in one direction and decrease iu another.

But this variation may not be of long duration, for it is certain that least effective producers in the old line of endeavor will enter the new line of endeavor just as soon as reproduction fails. And it is logical that new producers enter the new field of activity so long as proper returns justify doing so.

It is possible, however, that supply may be so greatly increased by an influx of producers into the new field of production as to greatly reduce values. Great many producers, engaged in a single line of endeavor, creates a condition which effects a very great supply of the newly wanted thing. Little attention is paid to probable extent of wants. and the means of satisfying them. The natural consequence of this is a decrease of values, so that on account of inadequacy of both returns and management, inferior producers fall out of the new line of action; normal couditions are restored, and values for those remaining become a source of due returns. Other fields inferior producers enter and effect the means of purchase, which. of all things, restores equilirium to supply and demand.

There is, of course, variation in the realm of labor. The plain consequence of declining industry is the engagement of less labor, and the increasing industry more labor, than previously. In the one case demand for labor declines, in the other it is reenforced by greater demands for commodities. There naturally follows very plain variation in revenues of labor. The rise or fall of demands for labor, effect a rise or fall of gross income for labor. It must be self evident that wages will be high in the increasing industry because there is much greater production there; and there is a tendency towards maintaining an equipoise of labor employment, because there is a tendency of rise in other directions when labor flows too strongly in any particular direction.

The ill consequence of paying for things of certain kinds, on a rising scale of prices, from a declining scale of wages, narrows the net income to wages in that scale of returns. But increasing prices are also paid by those who receive increasing wages; and while both may purchase things that are on the declining scale, those who receive increasing wages will have a greater net income because the wages are greater. But in this connection it is manifest that revenue will vary with what is saved, and the larger gross income may be less than the smaller after expenditures are made.

However temporary the variation of revenue during the variation of prices, it is very plain that wages, as well as capital, must vary in net results, because the increasing demands and consequent increasing prices, or the decreasing demands and consequent decreasing prices, not only require more or less of value but also more or less of volume; for as the one increases and the other decreases, there is required a great deal more of the decreasing for the purchase of the increasing values or things. If there is an increase of values in the case of shoes, more wheat than formerly is repuired for the purchase of shoes.

So it will be found that inventions and discoveries will cause a variation in revenue, Any betterment made with regard to the unit system; any betterment made with regard to means and methods, employed, though they cause variation in revenues, they make a solid foundation upon which substantial revenue for the people in general may be reared. It is thus that the beginner, moving forward, like a stalwart soldier of fortune, gains, at first, perhaps, very slowly, but yet constantly, until at last the point is reached which brings all the past to serve for a greater and more progressive future. Those able to take advantage of discoveries will be in an advantageous position respecting others. Those who gain the position that is afforded by new discoveries, possess a position superior to them that are without such means. But it is not likely that inferior producers will slowly follow those whom they endeavto rival. With little courage and purpose the best results are achieved. The logical consequence is the capacity to also avail of inventions.

Yet there are many instances in which new inventions and discoveries do not extend in use. It is not infrequent that they are made the subject of less benefits than they are capable of conferring upon the people. They are made forces without power. Every enterprise within the society is a unit of cooperation, let that unit be what it may, capable of becoming an effective force endowed with power. When there is force without power new means do not result in shifting elements; there is a diminution of the elements. Relieving so many workers, so many clerks, so many others, all duly engaged in the arts of production, presents a case of industry so peculiar as to resemble fortune moving forward in a path strewn with plenty, but only to reveal a path strewn with thorns and thistles. Them we must know as those who have been trained to peculiar pursuits and thrown out of industry to be supported by various forms of gratuities. This former skill, this lost art, become mere names.

New means and methods effect the march of progress. Men have in the individual the opportunity of production and distribution, "Suppose industry is progressing, the arts advancing," then the means and methods of production are in general use. Progress cannot mean improvement in means and methods that are without progressive use. It is not possible to claim that industry is advancing when the arts are advancing if the advancing arts are limited in use. The advance of the arts may indicate no advance of human welfare. If the advance of the arts is not accompanied with human opportunity and betterment there is no possibility of progress.

If the new means and the new arts result in less unit enterprises, less labor is then employed. Wages decline and prices rise. Actual wages are least and profits are most. Wage receivers derive no benefits, and capital all benifits from the advance of the arts.

Properly speaking, the advance of the arts should mean the multiplication and extension of unit enterprise and labor. Then it is that a larger demand and a larger supply exists. The greater supply, based upon less cost in general, necessarily reaches a greater number of consumers.

Manifestly, as wage earners are extensively employed, and the wages increase, there is an extension of purchasing power and a distinct increase of production. Improvements are essential. And improvements that are essential are based upon demands.

If demands for commodities are large and the demands for labor are also large, then, it is plain, the revenue of labor, as well as the revenue of industry, must be very consistent. But it takes a consistency of means to effect such a condition. If demands for commodities are not in proportion to the supply, the variation of revenue will be respecting labor. If supply is not extensive and demands are vigorous, the variation of revenue is respecting capital.

It is plain that the revenue of men will vary with the variation of money; for money is a very fluent thing. But it is a very efficient means of promoting the arts of industry. The advance of the arts may have the desired effect when individuals are duly employed and income is returned in money of constant supply. Then, of course, the same amount of money brings to the purchaser a greater amount of products. Wage receivers have greater incomes; a greater volume of commodities are returned for the same amount of money.

On the other hand, incomes may appear to be deriving benefits, from supply of commodities and supply of money, but intsead of benefits. come to find at the end of a given period that net results are very small, or nothing at all. For if there is an increase in the volume of money there is also an increase in wages received in money, There is an increase in both commodities and money, and more is paid for what is received. There is no real benefit whatsoever.

When there is an increase of money and an increase of wages out of all proportions with the increase of commodities, there are no banefits carried with the advance of the arts, because the value of money has declined, and more is required for the purchase of the same quantity as formerly. Then, indeed, incomes may actnally decline while the arts are actually advancing.

As convenient means of measuring and exchanging commodities, money is of very great utility. As the measure of quantity and value, it should conform to demands for the exchange of commodities. As demands for commodities increase, so should the demands for money, and the supply ought to be in consistent relation with the demand. It is only thus that the use of money may be in accord with the purpose and office of money,– the means of measuring values, and, consequently, of conveniently exchanging the values so measured. When the supply and the denomination accord, there is no better harmony of means to ends.

What is rent may vary with variation in values of money. When money is of a value that returns more without giving more, or requires less than former values, there is advantage gained. There is nevertheless advantage if there is variation respecting actual rent because the returns are varied with the changing values of money. Any disproportion in values received as money and values received in the form of commodities, effects a variation in revenue.

Revenue will vary with the variation of consumption. If every consumer is not a producer; every producer is a consumer.

Though the incomes of men vary by reason of variation in terms of wages and salaries, yet there is manifest variation of revenues by variation in manner of conumption. If all men purchase of those who sell from retail stores, yet they spend in different ways. Those having large incomes usally purchase more of high price things than those having lower incomes. Consumers with lesser incomes will, for the most part. purchase those essential things satisfying the wants of comfort and necessity. Less for luxuries and more for the making of vigor and stamina, counts more for labor and the production of wealth. But when these productive wants are satisfied, very likely labor will be in a position to indulge a few luxuries. And just so far as they go in this respect, labor derives a greater ratio of stisfaction than those who purchase luxuries all the time. But so far as revenue is concerned the economic satisfaction of comfort and necessaries is the consideration that counts in ultimate revenue, because the consideration that varies revenue.

And although some are able and willing to purchase those kinds that are of superior quality, yet those of less incomes purchasing the same quantities may develop equal net results through greater use. And the margin between the same quality of subsistence is greater in some instances than in others because the incomes are greater. The gross income may be the same while the net income is varied by varition of satisfaction derived from like consumption.

To a great extent, wants are due to tastes and customs. These are for the most part dictated by the position of men; and there is, in consequence, consumption according to the position of men as social creatures. The position of men, therefore, will be the cause of the variation of revenue. But, of cousre, there is likely to be variation within the position.

But this position is dictated by the economic condition of men. As wants are subjective considerations of the economic position of men wants, should be subordinated to the objective consideration of condition. In fact, if one permits his position to dictate pleasures and luxuries, instead of allowing his economic condition dictate to his position, there may be no other limitations to his expenditures than his income.

So it is manifest and plain that in so far as the revenue of the indiviuual is concerned, his surplus is contingent, conditioned upon the prudence or imimprudence displayed in the management of affairs. Prudence or imprudence exercised in the affairs of men is evidenced by the margin displayed in the economies of revenue to those who earn wages as well as to those who prodnce; and the way in which this is shown is the variation of results of use of things by those in the same line of consumption. Compared with others in the same line of consumption, there is a margin of net results. For while the cost is the same to all alike for like kinds, the net result is not always the same, and it is not always the same because some are more effective users than others, in the consumption of things.

And so far as either labor or capital is concerned, there is variation of revenue caused by waste. For in the fact of waste or no waste lies tne marginal fact of revenue or no revenue. Some there are who effect results with little or no waste while some effect results with much more waste. Not only with the case of indirect consumption does the matter of waste appear as a consideration in effecting net results, but it is also an element in effecting net results by labor. Those who utilize things so as to derive most benefits from them, make them go further, or leave less from what is used, than another, will have more satisfaction from use, and more to use, than any one else, less considerate in the consumption of commodities.

Differentiation in making revenue takes place in the use and non use of waste. The inclusion of what others exclude, or the exclusion of what others include, must cause variation in net results.

While the lower order unit finds cost an easy matter of estimation, because no surplus is derived from his endeavors; or because very little surplus is is derived from them, he may, at the same time, clearly observe whether he should, under the circumstances, do more than merely replace the elements of production, without making any progress and advance, for he has the standard and example of other, more active consumers, for contrast of results. He observes his position and knows that if he will improve his condition and advance his position, he must effect some economies, display more skill, and exhibit more art and prudence in the activities of production; for if he manage his affairs in a proper manner greater results are effected, and the fact of this progress is displayed in the form of variation in revenue, not only within the enterprise, but also without it.

Differentiation will take place on account of hazards that require skill and experience to avoid. Risks of credits vary revenue according to variation of loss and gain,– a variation due to estimates of general average. Another phase of hazard is that due to overestimating prospective gains. Loss may take place on account of large undertakings being subjected to unexpected emergencies, or change in the circumstances that called for the production. And hazard of nature may cause variation in revenue.

Differentiation will exist in the matter of cost and returns of commodities, or in the intensive methods of production. It is possible to effect more by the intesive than by the extensive system of production. In land tillage, in manufacturing, in merchandising, those who are intelligent in their operations, will effect a great deal more than those less active and less intelligent. Rotation, fertilization. proper location, close attention to affairs, effectuation of most from least, all tend towards variation in revenue.

In this connection, it may be said that revenue will vary with the relative cost of materials used in production as compared with returns; as for example, the production of sugar beets instead of corn when the comparative cost of producing sugar beets is great and the returns will leave less than from corn. But it is possible, and is very often the case, that the greater cost of producing sugar beets, is met by greater returns. In manufacturing the same principle holds; for it is more than likely that cane will return more in the production of sugar than sugar beets.

Differentiation will take place when kinds are used to oppress kinds; as in the case of meat products used to oppress stock producers, or the use of cane to depress the beet producing industry. It is plain that each kind is knit with many kinds and affect many more than the kind immediately affected. The immediate effect of irregularities in the use of sugar extends in mediate effects. Coal may be the medium of injury to a vast number of industries because it affects a vast number of them.

Industries are dependent and not independent in wants. They are not only depend upon others for the elements of indirect consumption but also for the elements of direct consumption. All those engaged in the production of utility, may be seriously affected by the price of wheat, or the price of wool and cotton. The effect bears upon those who receive wages, for more is required from wages, and less goes from wages to other lines of activity.

CHAPTER XV.

OF REVENUE AND CAPITALISM.

It must be observed in no mistaken terms that the true position of the individual in social life is that of independent - dependent unit enterprise, making out an individual case of revenue according to inclination, habits and opportunity.

It is not a case of dependence without independence, for it is a case of the individual as unit, in a cooperative system of endeavor, and not a dependence npon others for opportunity and purchasing power. Opportunity to engage in the industries is a strong characteristic of the individual independence of men in society. By virtue of this opportunity exists extensive enterprise; by reason of extensive enterprise exist extensive demands, and on account of extensive demands exits those returns which supports the least effective element in production. And it cannot make much difference what the capital may be; it may be meager, crude, or of inferior quality, and the individual may be very inexperienced.

It may be the case that in the field of individual endeavor opportunity may even begin with borrowed capital; with capital not owned by him, and operate almost entirely upon the ability to effect reproduction from the field of prevailing demands. And here is observed another field of labor; for here is no doubt another division of labor. The fact of service with the means of production, rendered by those individuals who do not use them in any way of production, is the positive fact of a particular service in a distinct field of activity. The fact of renting the means of production is the fact of service rendered according to opportunity afforded in accordance with prevailing demands and values.

The operator may be a farmer though he owns no land; and he may use the instrumentalities of his endeavors when he owns none of them. He may use buildings yet own no building at all. He may use the materials essential to his industry without owning any of them. He may employ tools, machines, and the other means and methods of production, and yet own no tools, machines or any other instrumentality of production. He may employ labor that engages its own means and methods. He may, indeed, be engaged in merely assembling the articles made by others whose activities are confined to the production of particular parts. He may, then, be a producer possessing a monetary capital, and no more, using the materials turned out by others, and employing little labor and few machines.

In such a system there necessarily exists a great extent of varient endeavors, with the logical element of mutual dependence. Many small capitalists there are, indeed, but they are mutually cooperative. It is a case of the individual in a position of ability to make and purchase. Men have the opportunity to make and the consequent opportunity to demand.

The individual unit is an element of consideration by each because each makes the most of his situation and become forces under labor and the powers of relations.

Let us take the figure of a circle in which are one hundred people. All of them are active, because each is productive and able to demand and trade with each. But one of them begins to practice irregularities. Unthinking people, seeing that prices are somewhat less with this particular enterprise, turn their business there, totally unmindful that, in doing so, they ultimately destroy themselves. They ultimately destroy themselves, because the means of activity are destroyed. If the bakers, or those engaged in public baking, patronize the enterprise striving to procure an undue share of the grocery bunines, they will come, in due time, to find that the monopolist no longer demands his bread,and that many others, like themselves formerly, now purchase from the monopolist instead of them, all of whom come to the same fate, because all come to find that the eagerness to effect small gains for the present lead direct to disaster. It is thus that, line by line, units of activity drop out of production, the victims of their own folly in small transactions of didirect consumption, until the one hundred producers are reduced to but comparatively few, with very limited purchasing power.

The means are typical of the ends. The progressive producer, reaching the stage of diminishing returns, contrives to avoid the salutary conditions of the individual unit system, and to arbitrarily leap over them. Various indirections are resorted to. As he is for forcing his way beyond the limits of diminishing returns, he is for the employment of any means to such ends. Immediate concern is the chief concern. All the activities of men are bent to the advancement of self. The income of some men are reduced and the incomes of others are raised, not by any natural system of demands, but simply by arbitrary means. The prices of some commodities, in some localities, are reduced, and in others raised, not by any system of demands but as arbitrary means to arbitrary ends. The activities of some localities are reduced and the activities of others are increased, not according to revenue that flows from skill and knowledge, but according to the designs of money making schemes. Banking is manipulated not in facilitation of exchange, but for depressing the value of money, of materials, of labor, just as it is desired to gain advantage over any others. And instead of credits resting upon the basis of widespread production and distribution, according to extent of demands, they are artificially manipulated and made to depress, when depression is unnecessary, and to inflate when inflation is unnecessary, in order to extort an unusual profit from the income of the community.

Such is the disposition of the egoistic man that all possibilities of a great community are delimited and made to yield its glory to the limited vision of a cloudy view. Taxes, freight rates, the products of nature, and all the instrumentalities and effects of active men, are played against each other not as effective means to effective ends, but solely as means to further the particular ends of a few men.

Under such circumstances, even if the inferior manage to reach the stage of increasing returns, by means of his own wrought kind, he is still unable to fully display the ingenuity of his capacities, because he is compelled to meet that disproportion in the production of materials, which require low wages and high prices, as compared with materials made upon a basis requiring proportion of wage and materials produced. And if there is sent out a peculiar kind, the field of activity is limited because there is no adequate field of demands. There are no adequate means of demands. The field of employment is limited; so are demands. There are no means of wants or demands. There are no opportunities of progress.

Progress is a worthy thing. It is the natural thing for rational creatures. Nothing else, indeed is so encouraging to rational creatures as the possibilities of betterment in condition; and the individual and the opportunity to better condition go hand in hand.

Still, there are those fields of endeavor that admit of larger operations than others. Some land tillers properly use more land than others because they engage differently. A farmer requires more land than a gardener; and some farmers more than others. And in the realm of fabrication very many cases afford instances of variation in the extent of capital employed; as, for example, the making of clothes may be carried on with a small capital, while the manufacture of iron requires much more capital. The same is true with respect to merchandising; for it is manifest that capital in the oyster business need not be so large as capital employed in the retailing of provisions. But these varient capitals are hedged in progress by the laws of returns as much as any other line of industry. Yet some kinds, of varient character, will legitimately go further than other kinds on account of nature and charcter of the industry.

In any true type of social life, the varient industries of men will always remain the proper support of each other. Coal, a basic element of activity, will operate all machines; machines will operate all the multitude of machines that are essential and needful in a manifold and multiplied system of human endeavor; and the various units of activity, engaged in various kinds of endeavor, will support the various units of endeavor, with merchants, the common factor of them all, exchanging in those relations that embrace all labor and trade of all commodities finally consumed.

This is not the case when capitalism is the rule. If capitalism is devoted to land tillage, then land is made the subject of what is called economic rent; for then it is that men who own land look to what they can get from it regardless of what others may do in the way of effectual cultivation. Land is forced to contribute a great deal more than it should that a very large revenue may be made for those who own land. The margin of superior endeavor is absorbed by the landlord, and the advancement of the conditions of production is made an impossibility. The doctrine of Ricardo is fully realized in a system that claims the margin between inferior and superior.

If capitalism is devoted to the renting or letting of stores and warehouses, the rents are based on the principle of absorbing all advantages. The landlord endeavors to absorb what is created by cooperative effects of individual trade and the demands of men for such buildings. This being the case the prices of commodities become artificial.

If capitalism is devoted to machines, these essential instrumentalities of human endeavor are let in a manner to create monopolies, not only for those who own them, but also for those who use them. The elements of cost, of interest, are lost sight of, and the greater profits are made to effect greater revenues. Even when such machines are sold outright, the revenue sought by the use of them is not based on any conditions of supply and demand.

If capitalism is devoted to the production of materials, the central idea is the idea of gain. In this idea machines predominate, and labor is reduced to a minimum. All that is effected, in this method of production goes not to them in toil but to capitalism.

If capitalism is devoted to the manipulation of farm products, these primary commodities are gathered in great quantities for purposes of gain by storage. Future prices are made to order and revenue is abnormal.

To effectuate this abnormal end men have not only centralized means but they have even gone so far as to destroy supplies. That the individual may not reap what he has sown, men have gone about purchasing products of the soil upon modest terms, raising prices and exacting abnormal gains; and thus, to satisfy the gains of a few men, wants are given no consideration.

It is clear, under such conditions of production, the individual lends aid to the means of taking more from him than is returned to him; and if there are insufficient returns to him, he must inevitably come to that point in reproduction which fails to replace the elements consumed. And the same thing taking place with reference to all others, brings about a destruction of enterprise, the means of purchase, and the individual activity of relations.

One unit of centralized wealth will earn for its capital, say, one hundred per cent, and in earning this revenue, reduce the revenue of others to a very great extent; and thus to pay tribute to a few men, many are made absolutely ineffective, and many more inactive, with all the dissatisfaction and inefficiency which such a system implies, "without resource, either in mind or feeling,– untaught, for they cannot be better taught than fed; selfish, for all their thoughts are required for themselves, without interest or sentiment as citizens and members of society."

It may be said without fear of contradiction, that numbers of unit producers, using the same amount of capital, as one unit in one enterprise use, will produce more commodities, effect more at less cost, create more trade, produce more revenues, and make out a greater general condition of feeling and relations and welfare than the single individualistic enterprise.

The individual unit enterprise will effect more surplus, more in margins over consumption, when employed as an independent unit than as a subordinate. He will effect more revenue not for himself alone but also for the community. The same numbers of men in an individual unit system effect more values than the same sumbers as subordinates; for they possess more wants and have greater purchasing power. There are greater demands and values. There is a great deal more skill, far more energy and much more effectiveness, because men are devoted to what is of most interest to them. More wealth is produced because men are individually more effective. More exchange takes place because more people are in a position to demand. Demands increase production. "We may conclude in opposition to the older economist, that any change in the distribution of wealth, which gives more to the wage receivers, and less to the capitalist, is likely, other things being equal, to hasten the increase of material production."

As it weakens each to weaken any, so it strengthens many to strengthen each, because the support of one is the support of all above him, It is therefore self evident that industry ought always be in due proportion. For as each tends to support all, so all must be consistent.

There is more effectiveness in the tillage of a reasonable size tract of land than in the tillage of an unreasonable size tract of land, because the reasonable size tract of land makes out most for the producer, and makes him more capable of calling on others and of sending to others the various elements of production. So with manufacturing and merchandising. A matter of no small consideration is that all endeavors of men be in such form that no man be hindered in his effort to engage in industry. "A society in which a few men are the employers and the great body of men are merely employes, or servants, is not the most desirable thing in a republic; and it should be as much the policy of the law to multiply the numbers engaged in independent pursuits or in the profits of production as to cheapen the prices to the consumer." But the prices to the consumer are natural and logical in the production of dependent kinds by independent producers. It is a patent fact that prices which leave very little to labor does not leave much to independent enterprise.

The law of compensation is as infallible in economics as in nature. Just as nature balance defects so does economics; for what is gained by the few is lost by all, and wealth is not so great as it might be. True, indeed, the few are wealthy, but neither the few nor the state are comparatively wealthy. It is not possible to claim that great wealth exists when a few men possess nearly all purchasing power, and the producing powers of most men are not fully developed. There is a very small oasis in a very poor desert. What is gained by the few in acreage is lost in volumn of products, revenue to the many and wealth to the state. And if fabricators gain in one direction there is loss in another. The governments of states display a sad lack of knowedge when they permit monopolism.

If men are made inactive, they are not forceful creatures of reason, nor given to the logical nature of their being; they are made more like brutes. They are thrown backward to the natural state of of life, wherein the relations of men are limited, and force is the rule. The strong gain most and the many least. Men are like the tillers of ancient feudalism; vassals of a lord. Non thinking machines, which do not consume; and great capital, which does not think, are the elements that enslave, both physically and mentally.

These reasons exist why capitalism is an inconsistent element of social life:

First: Capitalism delimits the field or extent of employment.

Second: In consequence, it limits the utility of both men and things.

Third: The activities of men are diproportioned because it does not proportion the use of men and the instrumentalities of production.

Fourth: It creates disproporrton, therefore, of wages and materials; that is to say, the ratio of wages and materials is largely in favor of materials

Fifth: In consequence, it delimits the capacity to consume while it makes more than is consumed.

If returns from the final consumer are the means of support and progress of all subsequent industry, it must appear as self evident that such a system is very injurious. It is very injurious because the returns to wages not only makes it impossible for labor to become a producer of its own but makes reproduction by independent enterprise a difficult matter.

So revenue is affected by monopolism for the wage earner as well as for all industry. All industry is made to suffer on account of small wages and insufficient returns. Trade and commerce are reduced, not shifted or made interdependent. Trade is sought without the sphere of this activity, because idle men within it are not able to make very extensive demands.

But some thinking people may claim that capitalism is an effective means of consistent population. These men deem it prudent that some means exist of checking population because population tends to run ahead of the means of subsistence and existence. So far as overpopulation is concerned this is a matter of comparative condition. It may be that the inferior condition created by capitalism displays a condition inferior for the people be their number what it may. Comparatively speaking, a thin population may be overpopulation. Delimited means and methods of human affairs may be the cause of very limited population. Large production may exist and very little opportunity exist for most men. Then exists a comparative condition of overpopulation, for then is produced more than is consumed.

With normal condition there can be no overpopulation because, first, men have opportunity and the means of caring for themselves. Men who exist in a condition of proper returns to wages and industry exist in a proper condition of population and production. This population will take care of itself because it is not disturbed by the condition of men. The position of men cannot be changed because returns are based on general demands; and efficiency cannot become arbitrary because of diminishing returns.

In the second place, men who care for themselves are not likely to endanger their position. Given the proper industrial system and it is safe to say there will always exits a proper human condition. And we may rest assured that when there is the proper human condition there will always exist the proper human position– that position of men consistent with the high faculties of rational creatures, in concontrast with those of lower animals, without capacity to realize and appreciate position. Rational men recognize a rational position; and it is not consistent to say that they will freely create a contion affecting their position. It never happens that the position of men is changed save by the greed of a few men, acting contrary to the will of most men. The gravest dangers to society exist in the overthrow of the will of men and the subversion of their position. Then it is that the value of man as a social factor is decreased and the resources of nature are locked with the iron clad forces of egoism.

It is only in those inntances in which men have least care or consideration for position that they tend to overpopulation. India, China, and those lands of low condition, depreciate the value of social position and make men careless in estimates of possible condition, the self consideration of position with the passions bred of low position overruning the condition that cause it with a population of people continually on the verge of starvation.

In any normal condition of social life, a matter of the utmost importance is the individual consideration of individual position, to the end that no set of men gain advantages which tend to impair the position of men as intelligent and prudent social factors. For it must be plain that if men feel their position threatened on account of conditions, they should not be deceived as to cause by the very insidious activities of those whose supreme consideratios is self.

And so far as the outgo of men is concerned, it is an essential thing that men do not impair their own position as social factors. It is very important that men do not let outgo push income too closely. It is plain that if men attempt to go further than they should in social position, they will come to find that returns will not support them in their unwise course, for they will come to know that in folly lies disaster Men who permit social position to invade economic condition will meet fate at the door of ruin.

CHAPTER XVI.

SYSTEMS OF DISTRIBUTION.

In the distribution of income, the distribution of wealth is consistent or inconsistent, just as revenue is distributed or not distributed to the elements engaged in the synthetic activities of production.

When labor is engaged in accordance with the individual unit system, then labor is employed in due proportions with capital. If capital is employed according to the individual unit system of activity, capital will serve in the industries according to due proportions of labor and capital. Both labor and capital, in the individual unit system, serve in the industries in a manner that is most conducive to the service of labor for capital and of capital for labor.

Labor is employed by capital, and so uses it, in those proportions dictated by demands. Demands move for labor according to demands for commodities, and demands for commodities move according to the demands for labor. Proportion is enforced by this mutuality of dependence.

The wages are included in the commodities; and so is the service of capital. And what both renders to others in the synthesis, comes back in the form of value for the thing exchanged. And here, too, it is plain, proportion must always exist, for it is an undeniable thing that the value of commodities is fixed by demands for commodities; so that just as proportion exist so those values which send back the means of proper distribution.

What is displaced by the greater thing comes back a representative of the preater values, but in a form capable of division into labor, materials, and all the elements of reproduction, leaving a surplus after all this distribution takes place. What labor renders to capital in the form of service, and what capital renders to labor in the enhancement of the greater over the less, find revenue in those values that tend to effect margins over cost of ptoduction.

But to whom should this surplus go? Labor, in the same kind of industry, receives the same rates of wages. Materials are paid for at the same rates of prices. If the same rates exist with reference to an enterprise, and one effects a margin over another, is that margin due to the operations of labor or to the demands for materials? If there is an efficient cause should that cause be encourag ed?

While labor assumes and perfects a very large part in the application of elements to elements and the creation of desired forms of things, yet the arts of planning, of designing, of directing, of management, in the coordination of labor, tools, machines, materials, assumes and perfects a great deal. But this only means larger wages to those rendering larger services. It is plain enough that if a margin is made over cost of production by the managing head, and that managing head is the owner of capital used by him in production, there is an indisputable claim on his part for the margin he effects.

This margin, evidencing superior skill, does not go to labor because the wages of labor are included in the price of commodities. It is not distributable to materials because materials, constituting an element of cost, are entitle to no more preference than labor. Nor is it distributable to land, because the rent of land is an element of cost in production. Neither is it the property of buildings, which figure with reference to cost of production. All the costs of production are properly accounted for in the whole cost of production; and this totality of cost is a matter of judgment, skill and prudence in the field of operations and management, as evidenced by the marginal difference of inferior and superior.

It is plain that the owner of the operating capital is the efficient cause of distinction between inferior and superior. His assemblage is weak or strong just as he is prudent or imprudent.

If one denies his personal wants, and manage his affairs so as to make accretions of capital, and by his judgment etablish himself in suitable affairs, he is not excluded from profits on that capital. The risks incurred and the venture undertaken, are considerations dependent upon the skill and prudence of the owner of the capital that sets in motion the elements of production. Here is service rendered by neither land nor labor, because neither, alone, is the cause of activity of either.

But as this is a logical conclusion of the individual system. it is not by any means a conclusion that the ownership of capital means the ownership labor. The owner of capital cannot appropriate to capital more than the capital, employed as individual. earns.

Yet the capital may be reasonable in size and owned by several men, who engage in enterprise reasonable in size, so far as the nature and character of the industry goes. When the whole capital is owned and operated by more than one individual, it may be that instead of adding the surplus to the whole, there is distribution to the several owners. There are net results of operations, and the fact of this net result is the consistent fact of income for those who own the operating capital.

This method of enterprise may assume several forms. It may consist of parts, owned and represented by shares of stock. The nature of the endeavor may require more capital than an individual owns; the several owners hold the evidence of shares that entitle them to dividends.

It may assume the form of interest held by those who are employed. What surplus is saved by labor from wages earned may be invested in the employing enterprise instead of a new one being undertaken. The surplus of eanings is then paid in part to those who earn wages.

If capital and profits are so large that it becomes necessary to satisfy discontented labor with gratuities, in the form of small individual payments, there is, of course, some phase, if slight, of distribution. In the distribution of a certain per cent of the net revenue of the enterprise, to every individual engaged in the enterprise, under certain conditions, there is distributed more than wages and salary, for there is distributed a portion of the revenue of capital engaged, and the condition being that the operatives shall augment their efforts and services, by the stimulation of interest, effects a reasonable consideration, and a reaonable reward, for the profits paid to them.

But when there are undue exactions from the people, in the form of monopolistic prices charged, there can be no doubt that surplus revenue should be distributed to the people from whom it is extorted. And it is some consolation to observe that some enterprises concede the folly of monopolism by returning a portion of net earnings to old line customers, as means of restoring a depleted purchasing power.

But there is no equal, in the stimulation of wealth production, to the individual independent dependent system of endeavor, because each acts his part as producer and consumer in a manner that maintains a general condition of trade and commerce.

This means effectual cooperation and coordination of all the individuals in all the various activities of the society, and not a system of acting in groups. It does not mean monopolism, because monopolism means the domination of the many by the few. It does not mean competition, because competition means undue advantage by undue means and methods: It does not mean gratuities because gratuities mean something for nothing, and that something must be gotton the same way it is given, if the giving enterprise shall survive. It does not mean that persons should labor for the benefit of persons who do not, for that means that the labor of some men must support so many idlers or so many who labor much less. It does mean that men are given to those pursuits most conducive to individual prosperity; that each individual is fully employed and amply provided with the means of trade and commerce.

The method of distribution may consist of joint ownership and operation. Those who own the capital perform all the duties to be performed. If there is any surplus left after all cost of production, that surplus is distributable to those who labor. It is possible to engraft on this form of disribution another form– that of shares owned by labor in general. Labor in general turn their trade where prices are least, and from which flow dividends. In Britain is a system on this order of production and distribution. "Obtaining the necessary capital by their members own savings, fed from the ever growing profits of their enterprise, the cooperators have spread from town to town throughout the United Kingdom, and advanced from success to success. Their two and three quarter million members, mostly of the wage earning class, and representing probably one fifth of the population, are now aggregated in about fifteen hundred separate societies which are themselves united in several great federations. Among them they carry on every kind of business, from agriculture and manufacturing to transportation and banking; they have their own arable pastures and fruit farms, and their own creameries, butter and bacon and buiscuit works cocoa and jam and sauce and pickle factories; their own flour mills and bakeries; their own dress making shirt making and tailoring workshops and even corset factories; their own hide and skin and boot and shoe and brush and mat and soap and lard and candle and furniture works; their own tin plate works and metal ware and crockery factories, their own printing establishments and their own newspapers; their own tea estates in Ceylond; their own buyers in foreign countries, and their own ships on the sea; their own thousands of distributive stores, their own arrangement for insurances their own banks and even their own common libraries."

Such means of distribution are not successful in the states of America. There are few of these co-operative enterprises in the United States This country is apparently without the advantages of countervailing monopolism. In Russia the principle of public ownership and operation is being tried out. The two systems differ in that the one is a limited system for the benefit of a limited number, the other is a general system intended for the benefit of all.

The former system may be communism or private groups acting as rival groups. Instead of individual rivalry, the society wholly organized on such a basis, is a community of competing organizations.

The latter may consist of centralized or decentralized public production and distribution. Public, or governmental activity may refer to general means of moving things, or to the distribution of things or to production and distribution.

In the case of decentralized socialism, such things as trolley lines, electric lighting, gas, and the like, are things operated of a general nature. In the case of centralized socialism, such things as railroads, telegraphs, telephones, postal service, and other general utilities, are subjects of governmental activity.

The claim is made for this system of industry that the people are served for least cost, and any revenue made, to that extent reduces taxes. It is a system that is very well suited for individual ,production and distribution.

With reference to the distribution of commodities, this is plainly another step] in socialism, and may be local or central in governmental action. It is the moving of things purchased from private individual effort by public activity over publicly owned means of moving things. All the means of relations are governmental. What advantage exist in such a system refers to the individual's ability to make the most of his position. The conditions of production are guarded by governmental distribution.

The last step in socialism refers to production of commodities by governmental ownership and operation of all the means and methods of production. All labor acts and receives wages from government. All the means of direct consumption are purchased of the government. It a system of "turning the state into the universal landlord, the universal manufacturer, the shop keeper, reorganizing from its foundations the whole industriai system." This is vastly superior to the system which requires all to labor for a common store, yielding to each and all the means of subsistence whether one labors or not. This utopian theory is defined as follows: "Any theory or system of social organization which would abolish entirely or in great part the individual effort and competition on which modern society exists, and substitute for it cooperative action, would introduce a more perfect and equal system of disdistribution of the products or labor, and would make land and capital, as the instruments and means of production, the joint possession of the members of the community."

The plan that makes all property a common stock, distributable to all, decrees that each shall labor in common even though some labor very little and others none at all. The fact that each shall labor for all makes it an easy matter for all to live on the labors of a few,– the reverse of capcapitalistic individualism, whitch makes it possible for a few to live on the labors of all. The theory is that all who consume shall, to all intents and purposes, be cooperative individuals in a common cause. When this is the case, production and consumption move together harmoniously.

But there is no system or theory that equals the intependent individual. This is a system that makes for an all embracing endeavor, a general activity of endeavor, and relations, with due compensation to each and all. It it a system of real social life; for here is a system wherein each individual is a reasoning factor of social activity. Social life is a system of the individual independent in enterprise and dependent in relations.

Not many own great enterprises but each owns an enterprise as a cog in a great wheel; small tillers, pro_ ducing many different things, and exchanging benefits, not many producing few different things and relying on these for support; many engaged independently in many units of fabrication, as in the making of the parts of a shoe, of clothes, of provisions, and not a few doing most everything; and all the various means of merchandising, such as factors, brokers. salesmen, agents, advertisers, and all those means of banking that facilitate exchange, and all the different phases of diversified labor, make out the means of self help and wealth.

The servants of final consums are retailers, and the agencies that facilitate and effectuate contact and contract between them but manifest the wide possibilities of the individual system. The wholesale industry is the servitors of the retail industry, and the salesmen this industry sends abroad but demonstrates the effectiveness of the individual system in multiplicity of contact and contract. The fabricator is the source of supplies for the wholesale industry, and factors, brokers, advertisers for the purpose of contact and contract with the wholesale element, display a remarkable resourcefulness of individual activity. The commission merchants act for tillers of the soil and prove their worth by their office.

So, while there are many in variety of activity, there are many endowed with the capacity to purchase. Purchasers go and come paying, indeed, for the services of many but yet duly compensated by greater income.

CHAPTER XVII.

OF SUPPLY AND DEMAND.

When the individual is the chief characteristic of social life, all the members of society are active in production and distribution.

The very fact of the individual unit is the fortuitous fact of variation in endeavor; and variation in endeavor means dependence of kinds. Dependence of kinds, of course, mean wants. All consumption in production involves wants. All wants, in the production of dependent things, are met by demands.

Individually, then, each produces his kind by calling on others for what he needs. Individually, and producers turn out the greater and the less with the greater and the less following each other. The cause is the want of the elemental less for the elemental greater, with the less becoming the greater and the greater becoming the less. The cause and the effect follow each other in the rythmical order of variable quantities, all dependent upon each other, for just so far at variability exists, just so far will it always be the case that the greater demands the less as supply in production.

The less comes in demand as the elements in nature come. Like the elements in nature, kinds seek kinds and combine as substance in production of other forms. In the greater exists the lesser substances and elements, and the fact of the lesser elements is the fact of requirement in combination. The requirement is satisfied in the union, mechanical, or chemical, that effects the synthetic whole. So in production, whatever the nature and character of the element, the first synthetic step is the assembling of things of less utility for the making of things of greater utility; and this greater utility is employed in turn by other producers, who use it in the production of some other thing as the greater, because it combines more than the single unit.

The fact of the production of any one thing in any unit system of endeavor, is the augmenting fact of land, labor and capital joining in combination as the less, in whatever form they may be, for the creation, mechanical or chemical, of something greater, whatever the form may be; and all this clearly means demand for the elements necessary to effect the combination, and, of course, the supply in requirement of union and combination. Labor, all along the line of production, is in demand as an essential element of production. Materials, all along, whatever may be the stage of finish, are in demand as elements of production. Land and buildings are in demand as elements of production.

The fact of combination of the elements of land, labor, seeds, and the use of the implements of production, is the fact of demand for supplies of the lesser elements required in the production of the greater element wheat. And wheat is in demand by various other producers as the lesser element of their work, for wheat is an element in the production of the mechanical element, flour, or the chemical, paper; and the fact of either is the fact of demands for these supplies by those who make bread, or those who make books. So, too, with demands for bread or with demands for books, goes the demand for bakers and the means of baking, and for books, book makers, and means of making books.

The final demand is made for the final supply by general labor. Those who receive wages form the final consuming class. All demands begin with this class ef consumers.

The first reference to supply, in the meeting of demands, refers to the retail enterprise that satisfies both direct and indirect wants. In the ample means of consumption thus made out, the retail industry effects the utility of place and time which creates supply according to varient demands. The products of the north, of the south, of the east, of the west, are all assembled for ready use in retail establishments, be their location north, south, east or west. The establishment of the north will be an emporium of the south, the east, the west, and the local consumers purchase and enjoyment of all the various climes of endeavor. The producers of steel, in the smothering realm of steel activity, effects demands that extends the production of commodities south, east, and west, and stimulates the relations of exchange between south, east, west and north, with proper and efficient returns in revenues.

The wholesale merchants demand of the manufacturers; and the supply manufactured as the less comes to him according to demands for the greater by the final consumer. Just as the demands are by the final consumer, so the demands are by the wholesale merchants upon manufacturers. The line of supply is dependent upon the line of demand.

The same principle prevails with regard to the tiller of the soil; for it can not be imagined that he may produce unless there are sufficient demands and consequent sufficient returns to support his endeavors of reproduction. But the tillers of the soil, conversely, resemble the earners of wages, for as the earners of wages are the universal consumers of supplies in general demands, so the tillers of the soil are the original producers of most all the supplies consumed in rural and urban life.

So it is an increating fact that the fact of the individual is the self increasing fact of opportunity, of demands, of producers to make the supply, and of returns sufficient to support the least effective producer.

It must be plain that the effectiveness of demands depends upon the methods of supply. It is only by the individual system of endeavor that demands are effected by those who effect supply. The fact of production in such a system is the fact of supply by those who produce. The fact of those who produce is the fact of consumption. But the fact of consumption is also the fact of displacement. The fact of displacement is also the fact of replacement. The fact of both displacement and replacement, in the individual system, is the fact of consumption in the production of commodities according to a system that maintains a regular order of demand and supply.

So it is manifest and plain that demands must always be in accordance with consumption; for it is plain enough that consumption is in accordance with production, As demands are for consumption in production and the greater is produced in accordance with consumption, it must follow that the greater flows from the less in such a manner as to effect supplies that will maintain the low order producer. Consumption, in the last instance, is by those receiving wages, and in any consistent order of production, the ratio of wages and commodities consumed in pruduction will work out such final displacement of wealth as will work out proper replacement of wealth. The extent of wants is measured by the purchasing power of the people. The purchasing power of the people is effected by the income of the people. In the extent of income lies the extent of demands, and also extent of supply. In the extent of supply lies the extent of production, for if supply is large final consumption has decreased; and as intermediate or indirect consumption is a matter of production according to demands, it is plain that the supply will diminish if the demands admit of no replacement of capital consumed.

It is therefore plain that the fact of proper wants, proper supplies, is the fact of proper system of endeavor. In the proper system of endeavor lies the proper system of demand and supply. The unit effects supply according to wants, and wants are according to demands; the demands are for a supply according to wants, and the wants are for the supply in demand, until the supply is made to the final consumer, whose wants generally coincide with wants for labor. Labor is employed according to unit wants; and these wants are according to the direct consumption. Materials are in demand according to unit wants, and these wants depend on the wants of the final consumer. The relation of labor and materials in wants for production refers to the consumption of things by wage receivers in general. By the consumption of wage receivers the wants for production are made out. In the making of the supply for the wants of labor, that supply is created which the nature of the system supports because the nature of the returns are alike to all. Units demand according to the wants of the wage receivers, wage receivers demand according to the wants of producers. The supply is a matter of consistent relations between labor and capital.

It may sometimes happen, however. that an unexpected supply may exist on account of some things being supplied unexpectedly. Supplies may be suddenly wanted or not wanted just as tastes and notions dictate. But whatever the cause may be, there is no doubt that the supply can not long remain an oversupply because inevitable demands will adjust supply. The supply will adjust itself.

But it is possible for the supply of a commodity to be very small and yet very large Comparatively, supply must be large when effective demands are small. They run a race of opposite directions. When demands go down, supply goes up. As consumption depends upon the extent of employment and not extent of income from rents or interest or capital, it must follow that a supply may be produced without means of consumption. When the ratio of labor employment is small compared with the volume of commodities turned out, it is then not the demands for commodities that rule.

It follows, then, that oversupply is a matter of centralized production– a matter of production without reference to consumption. Units of production are abnormal in activities. The ratio of labor and means employed are inconsistent. There is underconsumption.

Production is great, indeed, so far as a few large enterprises go, but measured by the extent of population and potential demands, production is trivial and insignificant. There is an enormous disproportion of production and population. Very many have no employment and consequently no means of adepuate demands; very few have ample means of demands. There are extremes. Production is greater than demands; there is a surplus. Population is greater than the surplus; there is poverty amidst unconsumed surplus. Population is greater than the opportunity for employment; there is not much in the shape ol opportunity, for the doors to independent enterprise are closed. The want of opportunity effects deficiency of relations between population and production. The one goes ahead of the other; and the other is like a sluggish stream. There is no adequate movement of demand and supply because these is no adequate movement of population. There is no adequate movement of population because there are no adequate means of opportunity.

There are no means of opportunity because the supply of means are absorbed in capitalism. Capitalism, then, has no true relation to the state because it is not responsive to its population.

It is remarked by Mills: "When those writers speak of the supply of a commodity as outrunning the demand, it is not clear which of the two elements of demand they have in view,– the desire to possess, or the means to purchase; whether their meaning is that there are in such cases more consumable commodities in existence than the public desires to consume, or merely more than it is able to pay for."

The public desires are always to consume; and these desires broaden as the ability to consume extends. In any individual system of endeavor, the standard of subsistence and existence is not very low; and if the commodity is not of simple and passing interest, the wants for them will be steady and extensive. And this must be true with reference to the ability to consume. The ability to maintain a consistent standard of consumption includes both ability and desire.

Desires are the cause of efforts; efforts are the cause of means.,– are exercised in the production of the means of satisfying wants. What men supremely want is the opportunity to effect revenue, and not only effect it, but also to make out revenue consistent with a consistent standard of living. With this opportunity there is indisputable position of demands. It is by labor that men develop wants, and it is by wages that men empower themselves to procure the means of satisfying wants. As they have proper means they have proper wants, and as they have proper wants they have proper supply. Men are normal in position and condition.

And although inventions and discoveries are ostensibly intended to promotc the welfare of the people, yet this cannot be the case if the interests of the people are destroyed by inventions and discoveries. "Ye miscellaneous, .. manufacturing indviduals, ye have produced too much.". You have monoplized discoveries and inventions, and secured control of the markets; and instead of reasonable priccs you exact unreasonable prices. You have prevented the diffusion of benefits.

Given normal conditions of production, and there exists normal conditions of tastes and wants, as well as a normal condition of supply with a normal condition of demand and value. There is greater demand for all kinds of commodities, and, in consequence, there is greater demand for the elements that are used in the production of commodities. As demands increase for commodities, there is an essential requisition for the use of land in the arts of gardenening and farming. The instrumentalities of production are in greater demand for the production of commodities. Labor is in greater demand when the individual unit system prevails than when the individualistic unit system prevails. Capital is in greater demand because there is wider and more extensive use of capital. Labor and capital move pari passu, for there is no unilateral activity and one sided benefits. Demand and production are with reference to supply and consumption.

While it may be true that surplus may some times exist in such a system as an expression of production over consumption, yet that surplus is but the normal expression of the greater over the less. It is no more than this because the individual is coextensive in consumption and production. So the surplus produced is subject to effective demands. While it may vary in some particular enterprises, as an expression of inferior and superior; while it may vary in some particular circumstances of substitution and shifting demands, yet this surplus, in the individual unit system, must always remain a consistent surplus, because the individual cannot create a supply that fails of demand. It can not create an oversupply because it reduces returns, and, in consequence, impair, if not destroy, the capital engaged in the enterprise. Where it destroys, least effective producers cease production, and supply is then in accordance with demands.

True, indeed, tastes and habits may change; fashions and manners may displace demands in some instances and reduce them in others, yet, in any instance, there exists only shifting demands, Old ones may diminish, may cease altogether; new ones may come into existence and may extend; but in all these changes there is no more than shifting demand and supply with regard to particular things. The existing wants are satisfied by existing lines of endeavor.

Demands are for things in want. So is the supply. But as demands increase in one direction, or one line, values must rise; and, of course, new producers enter the field of production to create that supply. New opportunity to pruduce new things exists. Values support new operatives. On the other hand, demands decline in other directions, because there is no requirement for the old line products. There is a decline in production, and, of course, a decline in the enterprises that were devoted to the production of the kinds that were in use. The values fail to support the least effective producer. The price of commodities "must be sufficient to cover the the expense of production". So there is a comparative rise and fall of demand and supply on each side. There is a comparative rise and fall of opportunity.

So in the individual, the circle of use for commodities narrows or broadens just as tastes or wants rise or fall. In the individualistic this is not the case; for in the individualistic demands are not according to tastes, nor in accordance with changing requirements. So in the individual trade is in accordance with the extent of use to which things are put. As the use is so is the demand; and what is in little use is in little demand, and what is in large and extensive use is in large and extensive demands,

If the use for beet sugar is light, the demand for beet sugar is also light. The demand for cane sugar is greater if the uses to which it is put are extensive. The demand for cane sugar extends over a wider and greater realm than that for beet sugar.

There is variation in the extent of use to which various things are put. Some things possess a temporary variation, others a medium variation, and others still a permanent variation. And those of a permanent variation are more extensive than others in use; they vary in themselves. Some kinds of potatoes, and certain kinds of luxuries, possess a very extensive scope of demand. Confetionaries possess a wide field of use, but not so wide as that possessed by bread. And hams possess a wider scope of demands than pickles, unless a pickle goes with every slice of ham. And clothing posses a wider field of use than wheat bread, though probably not so much wider than both wheat and corn bread. The custom of the society will determine, for some there are that use more bread than clothing; and there are some that use neither bread nor clothing, but live on meat. A substance of very wide use is coal; and also iron. But iron does not equal bread.

So while demands vary in the extent of use to which things are put, there is variation in the endeavors devoted to the production of them; there is variation in demand and in supply.

With reference to those commodities that have a varying, permanent use, there is no great variation of demands, and values, amongst themselves, save only when there is shifting wants and demands. But with reference to each other, there is variation of values, and, of course, more of the expensive commodities are required for the purchase of the less expensive things. But the greater use to which things are put gives them a greater aggregate value than the aggregate value of those commodities possessing less use and a narrow scope of demands.

With reference to the variation of use, there is a wider and greater field of exchange, in time and place, for some commodities than for others, and, in consequence, there is a variation of values, requiring more of the lower value, in any specific instance, to purchase of the higher value. There is a variation in giving and taking.

And the way in which this is expressed is the money price of commodities; as for example, so many suits of clothes, or barrels of corn, required to purchase a certain amount of money,– an amount required to purchase a sufficient number of tons of coal for a winter season. The price of the coal and the price of the clothes are fixed by the use and demands of these commodities; and the quantities are adjusted to the prices, while the prices and the quantities are sufficient to effect mutual benefits and make out reproducction in both fields of operations.

Prices in money, for the commodities purchased with it, are fixed according to the demands for commodities, unless there is some irregularity in the supply. The prices in money must of necessity vary with the variation of demands. Demands for commodities are according to wants, wants are according to requirement, and the requirements for money are usually in accordance with the requirements of exchange.

But it is possible that there may be a general, as well as a relative, rise or decline of prices; for instance, when there it a general improvement in the means of production, But to save the exception, it is essential that the means be general, and not in particular instances, which makes only comparative variation. And there may be a general rise of prices when demands are abruptly created by abrupt means, such as war, when producing hands are with-drawn from production to destroy while they consume. The prices will rise when disaster follows disaster faster than production takes place.

There may be a general rise or fall of prices when values vary with reference not to demands but with the volumn of money used. But this is a variation due not to real values but to monetary prices. The variation is relative to the supply of money. Two values vary,– the value of money and the value of labor and that of commodities. Whatever be the commodity used for the exchange of these utilities, more money will always be required than formerly to purchase the same quantum of them as formerly, if the volumn of money is increased without adequate demands for that increase. Variation will take place when they are plainly increased with reference to money, for then less money and more of these utilities is the scheme of exchange.

So values move according to well defined principles of supply and demand. Nothing is more fixed in the relations of exchange as the economic principle of rise in prices as demands increase and decrease in prices as demands decrease, decrease in prices as supply increase or increase in prices as supply decreases. If demand increases and the supply decreases, there is very great variation; and if the supply increases and the demand decreases there is extensive variation. These variations are so fixed and immutable as to possess the force of laws. Having the force of law, no artificial methods may hope to permanently avoid them.

The increase or the decrease of demands for commodities may be affected by the increase or the decrease of competition, and the increase or the decrease of devotion to the arts of production. The fact of one community devoting its time to the production of varient kinds of things and means, makes out the fact of vigorus demands for all the various means of production. The fact of a community being absorbed in conflict and competition, is the fact of least demand for the elements of production. It is likely to still further diminish, owing to superior values in the flourishing community attracting and drawing men and things.

So the increase or the decrease of demands for comodities will affect demands for land however variable in fertility. But so located as to be in greater demands than other localities will prove a cause of variation of supply of land, and so of the value of it, regardless of the fertility of it. Demands for land will be for more purposes and uses in an active than in an inactive community. And demands will be greater near a city than further away, because great many more uses exist for it. It may be in demand for building lots; and the demand for building lots may have the agreeable effect of increasing demands for factory sites or for purposes of gardening.

Land, located from centers of population, will exhibit variation of value on account of variation in demands. Being less desirable for many purposes, including residential, land located distantly from centers of population is the ultimate object of demand. When demands for commodities are strong, demands for tillage may extend to ordinary fertility. The strength of demands for products extends tillage.

And what is of very great importance, demands for commodities are healthy and vigorous when the people are active; and when this is the case, then there is also healthy and vigorous demands for producers and producing enterprises. The demads for commodities are sufficient to support least effective producers, and the supply is always well balanced because these producers tend towards decline and cessation, when there is decline in demands.

What is true respecting the foregoing is also true respecting labor and the instrumentalities of production. With demands for commodities goes demands for labor and the instrumentalities of production. Those of least effectiveness are included; and when the employment of labor is threatened, the stability of supply of commodities, and of labor, may be maintained by decrease in the use of machines. The reason for this is, labor consumes more when employed than when unemployed. And it usually takes some time to enter other fields. When it enters other fields, it is more than likely to continue in the new line of activity.

Demand and supply of commodities is a matter of human activity, with supply of endeavor declining as human activity declines, and enterprises declining as first one, and then another, declines, like a chain that falls when a link is broken.

CHAPTER XVIII.

OF MONEY.

When efforts are directed to the production of kinds, there must be dependence of kinds upon kinds. And when there is dependence of kinds upon kinds, there is need of exchange. When this exchange is of kinds for kinds desired, thers is exchange of kinds for kinds, and is called barter because the mutual exchange of commodities that are consumable; and when these exchanges come to be effected ay means of exchanging what is to be consumed by one in return for a non consumable thing, which may be used by the seller of the consumable product for the purpose of purchasing products from others, to consume in production, or for the purpose of paying wages, and enables wage receivers to purchase of others irrespective of kinds, or may be used for the purpose of paying rent irrespective of kind, or for the paying of interest, for any other item of expense or purchase, and custom settles upon that, then there is the barter of consumable goods for goods not consumable, but used only as means of exchanging consumable goods.

It is plain that in this system of the barter of values, one of the things used is not engaged in the same manner as the other, since one is used for the purpose of merely exchanging things in general, while the other is used as a means or element in the production of commodities.

So an element of considerable importance in the production of wealth is a general means of exchanging commodities. Nothing else can be much, if any more, conducive to the enterprise of the individual in dependent endeavor. The one eagages in what he does, to great advantage, because he exchanges what he makes in an easy manner. The other pursues his regular business in a regular way and procures what he requires in ready exchange. One may even be engaged in the production of a very small part of a particular thing and so may easily purchase the various elements required by him. His enterprise may be located distantly from the location of a portion of those elements, yet he is in a position to easily effect demands. Many producers may engage in the greatest variety of efforts, in the most intensive and extensive manner, and then exchange all their products, irrespective of time and place, by the engagement of a utility that is wanted by all everywhere at all times.

It is very plain, indeed, that a thing used in general by all in the exchange of everything, is the most effective means of demand, because the most constant means of effecting a supply of anything.

Demand is always for a particular kind of thing because production is always of particular things. By such a course, every individual producer may go on with his activities, wasting no time in the activities of exchanging commodities. Every producer may confine his endeavors to his beaten path of endeavor, dispose of the results of his activities, and never change his course. A common medium of exchange, then, is a competent value for the replacing of all values displaced. It is capable of doing this because the value of it is fixed by the value of the commodity in demand for the production of the medium.

This common medium consist of what is commonly accepted as means of trading variable things. It is only by the use of what is adopted as such by those who use it, that a thing may become a common means or medium of exchange. A knife differs in this regard only in that pocket knives are used for a particular, and not for a general, purpose. It may be, of course, that pocket knives are used very extensively; but then, as they are used only in particular instances, they are not used as common means of exchange. The pocket knife is purchased by a common medium of exchange for use as means not of exchange for bread, or for shoes, but for use in cutting. A common medium of exchange is purchased with pocket knives, and many other things are purchased with it; for, it may be used for the purchase of the means of producing knives, as well as the means of subsistence. Indeed, everything wanted may be easily acquired.

Another difference is that pocket knives are made by many different producers, turning out many different kinds of knives, while a common medium of exchange is the appropriate manufacture of government not for profit but for convenience to trade. Money is used for profit when it is in the form of capital loaned at interest; and the interest flows not from money but from the use to which it is put.

Taking into consideration the general character of money as means of dependent exchange, and the measnre of values, a very pertinent question is; what may be considered as the best thing for use as money or for the making of money? As utility with reference to space and time is an essential factor in this consideration, manifestly, it should consist of such materials as possess ageable qualities. The quality should admit of varible stamping being reduced to an invariable value, in space, because trade tends to general level; in time, because value of least variation is a matter of no small importance. Both gold and silver are durable in quality, and least variable in values as to time and space. These metals are very compact in form and small in the proportions of use to which they are put. The bulk is small compared with the value of consumable commodities they exchanges. "At this date", remarks another, "it is difficult to learn with precision which of the two metals, as money, first came into use. Silver is mentioned as a medium of exchange in the history of the life of Abraham; gold was in commercial use in ancient Troy. It is presumed. however, from the analogy of use and disuse of other metals, that silver came into general use as a medium of value before gold. First came iron. Then came copper. which, under the conditions of great production, lost its power; then bronze, then, in the natural order, we may presume came silver, and finally came gold; which last two metals, for many hundreds of years, have been used as money side by side, in all the civilized nations of the globe; but at all times and in all places, where natural laws are allowed to assert themselves, we find that the use of metals as money was controlled by these two principles,–convenience and cost of production.

"Silver was first coined by Phedon, King of Argon, 869 B. C. In Rome silver money was first coined 269 B. C. Gold and silver coins were first used in the east. And in Britain coins were first used in 25 B. C. In Scotland; they were not used until 248 years later. In 1101 round coins were first used in England. Gold was first coined in England in the year 1087; and in the United States 1793.

It may said that when the commodity for the making of money is determined, the volume or extent of demands for commodities effects conditions of cost of producing the materals chosen. The character of dearness and scarcity may favor the choice, and the choice may create demand, but this demand will be met even if the supply must flow from least effective and most expensive mines.

The value of the coins follow closely the value of metals. The use of two metals maintains the values of both, for the fact of money being the fact of coins, makes out the fact of coins according to the demands for them. If gold and silver coins are used jointly as money, the supply must needs follow the demand up to the extent of including the most expensive metal.

The demand for commodities means the demand for the means of exchanging them. These demands may be great or small; but whether great or small, they make out the ultimate fact of metals used in the coinage of the means of exchanging commodities, and, of course, makes out the ultimate fact of value for money.

Demands for commodities may vary. and so may demands for the money with which to exchange them. And it may be that demands for the precious metals vary. If demands for other purposes are great values will increase followed by an increase of supply. The supply of money may then be greater than usual; and much more than previously will then be required for the same quantity of commodities. But the values of commodities remain the same. The value of money has declined.

And as there may be low grade and high grade labor and capital, so there may be low grade and high grade commodities in the form of metals. If two metals of varying grades are chosen for the coinage of money, demands for the metals employed must be sufficient to support the low grade porduct. If this is not the case production must decline. If the demands for the more expensive metal fail to support the supply, then production of it declines. When demands for both support the supply, there is a ratio of values that is made out only by grade. But if demands are not so extensive, the more expensive metal to mine must come to an ultimate reduction of use because the supply will be less than the other, less expensive metal.

If one of the precious metals, gold or silver, be used in preference to the other, one is necessarily in greater demand than the other, with a consequent variation of comparative values. One will drop behind the other in value because the one is in much greater demand than the other.

Whatever the grade may be, this may be said of comparative demands for the precious metals; that when the demands for one outrun the other, there is varation of relative values. "We find that in the early ages of the christian era, the ratio of silver and gold was five to one, in proportion to weight; that in the time of the Cæsars it becams eight and one half to one, and in the later middle ages, it was ten to one; in the later ages fifteen to one; in the eighteenth century fifteen and a half to one, and in our times, in the markets of the world, it is not less than twenty five to one, while it has decreased even to less than that since the use of gold has been made so general as a standard unit of coinage." It is made a standard probably due to the uniformity of value over space and time. One metal made the leading metal of coinage, makes the leader more valuable than the subordinate metal because in greater demand. But heavy demands of China and other eastern states, reported in recent years, displayed a wonderful jump in the value of silver.

But it is plain that when supply of either of these metals is increased the value must decline. It is possible to create an oversupply. Only what exchange reqires is in demand. Means and methods of production may be introduced that will advance production to low grade mines, not on account of values but due only to improved means of production. In fact, it is possible to make gold of no more value than silver; for when a state devotes most of its industry to the production or the acquisition of gold, then that metal is abundant and the value must be something below the other metal.

Even if this surplus of gold should be sent to other states, producing other articles of trade and commerce, the gold acquiring state is analogous to a state filled with monopolies that circumscribes the production of wealth. This is the case because the foundation of wealth is the extensive production of commodities. When the people are all producers, all have the means of demanding money. When this is the case, the value of money remains normal and the production of wealth advances on the basis of production, and not merely the acquisition of silver and gold. In any normal condition of society, the supply of money will be a matter of trade and commerce.

If more money is produced than demands require, the value of money declines. But when there is a redundancy in one community, there is likely to be an outflow to another. The superior values there may attract inferior values elsewhere.

The precious metals, depending upon demands, the values of them are plainly greatest when the demands for them are greatest. While the same piece of money, or the same sum of money, takes the role of exchange in many transactions, the aggregate of which is greater in value than the piece or that sum, yet a general increase or decrease in the volume of relations will require a general increase or decrease in volume of money, because only a given amount is required in distribution.

If the value of money elsewhere remains low, and the same volume of metals is turned out at the mines, the value of money must decline, and the amount paid for consumable goods must be increased. The value of consumable goods remains the same, but the value of money declines, and the ratio of value between consumable goods and money will vary greatly. Inferior metals go very low in the scale of value; and if there be no faith in the prevailing monetary system, those who exchange commodities will not accept it for very much. If there is any inflation by means of representative money, or by the use of valueless materials for the making of money, there is no support for the prevailing system, and very little cause it to collapse. If any proof of this is required, it is only necessary to give the case of Law's scheme in France, or the use made of that scheme; to the revolutionary money of France; and, indeed, to the revolutionary money of America. All these inflated issues proved ineffective means of supplying money. They were over issues when nothing existed to support them. In noting the finale of Law's scheme, it is observed that great quantities of paper money could not purchse the necessary means of existence. It was almost the same with regard to the revolutionary scheme of America, for the more of the issue the more of the requirement for the purchase of the same things as before. The press beat the production of commodities. It is possible, however, to correlate the issue of paper as money and the healthy exchange of commodities, by basing the issue upon the evidences of credit.

Money and commodities should be in general correlation. The demand for money being the demand for consumable commodities, and the demand for commodities being the demand for money, it naturally follows that any interference with the one or the other ends in disturbance and irregularity in the mutual relations of money and commodities. To corner the money market so as to cause a scarcity of active money makes out a scheme of wealth for the few at the expense of the many.

And it may be that commodities may be artificially regulated so as to supply comparatively few at high prices, or expanded so as to send the prices down, when, it is plain, the fact of fluctuation is the fact of gains for those who artificially cause it.

Prices in money are high or low according as the volume of money is high or low, according as it is necessary or unnecessary for the transactions of relations in trade and commerce. If the supply of money remains the same, and the work to be done by it is greater, or the supply of money is greater, and the work to be done by it remains the same, there is a variation in prices as measured by money. The value of money is according to the demands for it; and the demands for it is acoording to the demands for commodities. In any condition of individual unit enterprise, there is almost always likely to remain that supply characteristic of dependent units in production. As it is not an article of reproduction, but an article of annual accumulation, money will always remain in uniform supply and demand, providing no artificiality interferes.

Thus it is that in the individual unit system, the wants of the individual, never being satisfied by what he produces are satisfied by what he acquires with his product, money; for with this money every other thing may be very quickly acquired. So that which every one by common consent agrees to accept for what they want, and, indeed, always do accept, as full epuivalent or consideration for commodities sold, because with sufficient assuance that all others will accept it, makes out a unique system of exchange because the means of exchanging values in mutual benefits and relations. So the elements of reproduction, the wages of labor, finds in money the convenience of trade that admits of no disturbance in the activitles of production.

Men engaged in special industry find that this medium and measure of trade enables them to place full dependence upon others. If men be engaged in the production of shoes, they posses the means of trading with merchants, whose returns enable the shoe maker to reproduce with elements from various sources. If a tiller of the soil, crude products may be disposed of for money, and every other producer, creating the various requirements of the tiller, accepting money, is able to supply the means of reproduction to tillers. While thus particularly engaged, each are in general relations. While one is enaged in the making of hats, those who want coats need not search around for one in want of hats before effecting an exchange. Only money is needed in order to at once procure the articles of want. When the tiller finds need of shoes, it is not required of him that he look around for some one wanting a barrel of potatoes. Disposing of potatoes for money he saves time and expense by taking not the surplus potatoes, for the merchant may not be in want of them, but the money, for the merchant wants money. So long as he is a merchant buying and selling shoes, money is a great consideration.

If the merchant, selling shoes, were paid in potatoes, he must needs be a potatoe merchant as well as a shoe merchant, which is repugnant to the individual unit system. Money, then, is of very great utility. As means of facilitating the relations of exchange, it is the means of social activity. For instead of crude conditions of all round methods and the barter of kinds for kinds, there is the utility that makes particular effort general.

As means of greatest relations in facilitation of the industries, money acts the part of acceleration and facilitation. It is capable of such as this because the efficent means of smooth and easy movements, when movement must be difficult. Instead of consigning a bulky commodity, there is frequent substitution of money, One may determine the relative purchasing power of his money and procure what he wants from distant lands. It may be used to make out revenue whether the use be to trade or whether merely to rent.

It is used by all enterprise, whethers long drawn in returns or not. Tillers use it for the purchase of seeds, implements, and the employment of help, the replacement of which is naturally postponed for considerable periods of time. Establishments of fabrication use it for the eagagement of all the elements of operation, though the money is not replaced for months later. Wholesale merchants use it, too, even if wholesale merchants can not have returns in ready money. Retailers use it in the operations of rapid displacements and replacements of monetary capital. The final consumer uses it as the means of all satisfaction while engaged in particular endeavor. In this regard, money is the means of evidencing the extent to which men may go in the acquisition of what is produced.

And though the amount of capital employed by a concern be fixed, yet in form it may vary. It may resolve itself into commodities, representing wages, and other commodities purchased in production, and be resolved again into money, not according to the cost of production but according to the prudence exhibited in the proportioning of the elements of production. It may resolve itself into purchasing power with reference to commodities so as to be again in sufficient amount to amply reproduce. It may resolve itself into the varied means of satisfaction, in the form of household comforts, personal adornmant, estates, means of nourishment, and all the things to which men devote their attention, and reappear again in one single form, money.

CHAPTER XIX.

OF CREDITS.

Credits are the creatures of production and distribution. But production is the foundation of credits.

Modern society is complex and dependent to an extent upon credits. It is only to an extent, however, for a well conditioned system needs few substitutes.

Money need not always pass as immediate compensation. Actual payment may be deferred. A note may be issued, promising in writing to pay the money at some future date. Or probably the promise may be taken orally, and a time draft made to procure the payment of money. A representative of the value of the commodities or utilities is made to take the place of the value to be returned, and saves expenses because the recipient may use the token of value as means of obtaining credit or the ready use of money.

This is credit because both the one giving and the one receiving procure immediate benefits for which they have been given a specified time of payment.

On the one hand, sellers of values receive a promise to pay; on the other, the purchaser receives immediate use of the thing sold; and the use of the thing and the use of the money, is in the form of credits.

Still, it is evident that the foundation of credit is a positive thing. The true scope of credit rests upon the individual unit endeavor. It is esential that the unit system of production exist because the the foundation of all true value. If no such thing as value exists no such thing as credit may well exist, because credit is based upon the ability to effect demands. With effective demands go the inclusion of the least effective producer, and with the returns go the fortifications of credit.

The importance of all this is observed in the fact that if men are not able to effect returns, there is no worthy system of credit. And this is usually the case when there is more production than consumption, when production is carried on upon a basis of centralized activity. Men may purchase, but they may not effect returns.

The individtal makes out credit more extensively than the individualistic, because the individual is fully aware of the requirements and the capaclty of the individual. He knows very well what he wants for the purpose of production, and that his returns can not fail because he does not want things merely to be wanting. The same thing may be said with regard to labor, for if labor does not effect immediate returns, there is no substantial grounds of credit, but if supported in production, those wages exist which amply support credits.

Credit gives men a handle for the advancement of their cause, wealth. The individual who says: "I have produced", says he has a claim of trust in the relations of men. The one who says, "I had produced when the demands were made", has something with which to effect an ultimate consummation of the relations; for when the returns are deferred, he stands in the position of saying: "I shall have settled by the expiration of the time limited in the agreement of exchange"; for the individual has produced in another form and sold in another direction. Returns to him is an absolute matter of individual endeavor, supported by the values of prevailing demands. By such means the relations of men are greatly increased. What is small in volume is made large in activity. Money is made to perform a greater duty than it would perform without credit. Credit extends the utility of things.

The advantage of credit is that transactions are made possible that must otherwise be impossible; and, effected, the purchaser has the means of activity, though he has returned no equivalent, and, disposing of the product, receive returns from the dealer with which to compensate the creditor. The dealer, taking on time the commodities he buys, places them on sales that may require a certain length of time, but when that time is up he has returns from direct consumers for compensating the manufacturer. Thus, it is plain, outgoing commodities are supported by credit that effects an income used for the reproduction of the commodities sold and the advancement of the wages of labor. The same is true respecting the merchant. What goes out sends back the means of replacing the stock sold. Both income and outgo deferred are constant. All are making credits at all periods of time; all credits are all the time maturing, for while some are maturing, some are purchasing, some are selling, and the continuation of purchasing and selling on credit meets in the ultimate returns of the final consumer.

The utility is something like this: Credits at all times, received and evidenced, meet at a general depository, where all returns from retailers are received. Drafts are made on these returns for the payment of credits due. Checks and drafts paid by retailers form the deposits credited to the wholesale element. Manufacturers depend upon this fund; and producers of raw materials upon that.

What is put in by the various lines of activity is made the source of credit by each; and what is drawn by one upon the other displays the relative condition of each and all. What is left as surplus for a given period of time, is an indication of what is gained, and this gain should display no serious disproportions.

These depositories, receiving money in such a manner, and having on hand surplus funds from deposits, as well as from the sale of shares of capital stock, possess a surplus of ready money for loan to those who require it. The basis of this credit is the conditions of industry. Surplus money shonld not be much greater than drafts and notes

The fact of great trade may not be the fact of very extensive use of money. It may be the fact of more wealth than money. Demands may be great and values may support the trade of least effective producers. Wage receivers are active in demands. But when wage earners are not well employed, demands decrease, credits fall off, and there is not so much with which loans may be procured. Then a surplus of money results, which finds use sometimes in projects of public improvements and sometimes in the construction of buildings for various purposes.

The utility of banking institutions is self evident. They gather surplus money and make it available for the use of credits. They also receive the cash returns in trade and make that also available. In any normal condition of endeavor, money is in constant use and in consistent proportion with credits. The credits are dependent upon the cash, and the cash is dependent upon the credits; and they will move regularly and harmoniously when proper system prevails.

Banking commenced by the use of credits in the form of bills of exchange; and banks of deposit soon followed, the first being in Barcelona, 1401, followed by the bank of Genoa, 1407. They have expanded until they now constitute the chief means of deposit and credit, even extending in scope to the small change of school children , and, in credits, to advances made on household effects. According to another, "credit, as we understand it today, as a substitute in use of money, was an invention of modern times. It was the outgrowth of war. It commenced in the fifteenth century, with the organization of the bank of Venice, to aid the government in procuring a market for its obligations ,made necessary by the civil wars in Italy and by their naval wars against the Turks. This bank was soon followed by the Bank of Amsterdam, resulting from the wars of Holland against Spain, France and England; and this again was followed by the organization of the bank of England, which was created to provide for obligations resulting from the civil wars with France and Holland."

Credits, then, supply capital; capital afford loans, loans the means of production, and production the means of trade, credit, wealth. While banking possess the nucleus of credit, industry is the foundation of credit. Issuing bank stock as means of gathering surplus money flowing from industry, for use in the making of loans and the increase of deposits, makes out the basis of banking.

No matter how much capital banking may possess, the foundation of credit is not banking but industry, and the support of banking is not money but credits and trade, so that money decreases in value for want of demands, a thing that may happen when the forces of activity are reduced. Profits of banking are then made by means that are only indirectly and conditionally effective. But it is not meant to say that the life of banking is based wholly upon loans. If trade is extensive, on account of extensive production, loans may not be extensive. When this is the case banking finds support in rates of exchange.

As the trade is so is the credit; and as the credit is so it the trade. Whether the time be short, as in the exchange of credits between two points by the means of drafts; or longer, as in credits of time, evidenced by notes, or still longer, as with the transactions of land banks, the fact remains an active one that credits draw upon deposits, deposits upon credits.

Thus it is that credit aids production; that surplus money is active. Those possessing idle wealth find in such a system active means of earning revenue. And those industries that have approached the limits of constant returns, have means of adancing capital to those beginning operations, as well as to those who are in various stages of progress. This system supplies the means of opening the way for industry to accumulated wealth. Accumulated wealth is made to serve those whe know how to use it. The field of industry is thus made safe and regular and orderly.

Credit once obtained, exchange takes place. The bank, having made a loan, has made itself debtor to the extent of that amount. The loanee makes his check upon the debtor bank in the settlement of a credit extended to him by a diversified producer. The debtor pays his creditor with credit obtained at the bank, either as a direct loan or as advances made on notes and drafts. There is no remission of money, because the check, or draft, is on a bank. The collecting bank simply makes entries of deb its and credits. Loans are made and debts are paid by the simple means of paying what remains due,– when the collecting bank owes a difference to the remitting bank.

There is another form in which this system may be used. The sudject may be a time draft drawn on a debtor of another locality, and made available for immediate use by the sale of the bill of exchange.

The purchaser may sell to the debtor‘s creditor there. By disposing of such bills, drawn by the creditor on a distant debtor, through some bank, this bank may dispose of it to a debtor of a distant creditor. There is a liquidation in one locality of claims of debit and credit of another locality,– claims upon each locality are closed without remission of specie other than in liquidation of final balances.

”When the exchange between two places, such as London and Paris, is at par, it is said to be a sign that the debts due from London to Paris are compensated by those due from Paris to London. On the contrary, when premium is paid at London for a bill upon Paris, it is said to be a sign that the debts due from London to Paris are not compensated by those due from Paris to London, but that a balance in money must be sent from the latter place; for the risk, trouble and expense of exporting which the premium is both demanded and given. But the ordinary state of debit and credit between those two cities must necessarily be regulated, it is said, by the ordinary course of their dealings with one another. When neither of them imports from the other to a greater amount than it exports to that other, the debits and credits of each may compensate one another. But when one of them imports from the other, to a greater value than it exports, to that other, the former necessarily becomes indebted to the latter, in a greater sum than the latter becomes indebted to it. The debts and credits of each do not compensate one another, and money must be sent out from that place of which the debt overbalances the credit.”

This illustration from Adam Smith displays an instance of a favorable balance of trade resulting in an unfavorable balance of exchange. By virtue of an unfavorable balance of trade, more bills are offered in the locus of this favorable balance than are in demand for the purpose of exchanging debits and credits. The consequence, very plainly, is a decrease in their normal value. The creditor bills depreciate, while debtor bills appreciate,– appreciate because of deficiency of supply within the locality.

Specie may or may not be exchanged, however, because demands for specie may be met by loans of specie where the debt is due. A favorable balance of trade means an inflow of specie; if that balance is not in payment of foreign debts of previous origin. Such a flow of specie means low rates of interest, and loans effect the desired end.

The relative value of money and commodities vary with reference to different localities, owing to the greater difference of production and of supply of different kinds of commodities in different communities, or owing to the variation of supply of the precious metals with reference to each other in different communities, and with reference to commodities in the same locality as well as in different localities. In the relations of communities the relations of foreign money to domestic trade, or of domestic money to foreign trade may prove relations worthy of some attention.

Another illustration of Adam Smith's is: "The ordinary state of debit and credit between any two places is not entirely regulated by the ordinary course of their dealings with one another, but is often influenced by that of the dealings of either with many places. It is usual, for example, for the merchants of England to pay for their goods which they buy of Hamburg Dantzic, Riga, etc. by bills on Holland; the ordinary state of debt and credit between England and Holland will not be regulated entirely by the ordinary course of the dealings of these two countries with one another, but will be influenced by that of the dealings of England with other places."

This drafting system may be used, then, in a circular manner, as in drafting upon a debtor in the settlement of a debt due by the creditor to some others,– a draft or bill of exchange by the creditor of a debtor in favor of his own creditor, no matter where either his debtor or creditor resides, or conducts his affairs.

Thus it is observed that by credits and by banking exchange is facilitated and production is increased, not, indeed, so directly as by reason of greater mutuality of relations and greater consequential capacity in reproduction, greater ease and movement of capital making the highway of revenue smooth and easy. Inferiors in production are easily supported, and excessive values made least harmful. With exchange of surplus money or commodities from location of redundancy to location of greater demands least disturbance in the relations of men exists.

It is plain that the relations between banking and industry is sympathetic. Banking must grow with the growth of the individual. Demand and supply of the means of exchange follow demand and supply of consumable commodities. With too much regard for banking, there is insufficient regard for industry. As a matter of fact no little danger lies in the tendency to use banking for purposes of monopolizing money, industry, the means of moving things, or for speculation. Just as in trade, so with banking, for in this as in that, monopoly absorbs the vigor and capacity of activity.

It is a self evident fact that the individual is the proper unit in the field of banking. It is important with the industries; for it is only thus that least disturbance may exist in banking and in industry. The individual unit system fully demonstrates its worth and value by the capacity and volume of its reserves, and the ability to settle all differenecs arising, whether from balance of credits due to normal settlements of accounts, or an extraordinary balance, due to extraordinary settlements.

Of course, under extraordinary settlements, demands for specie will be greater, just as when more settlements are made as a result of brisk trade and commerce. In the settlement of all differences, whether ordinary or extraordinary, specie moves to the point of greatest demands.

But when irregularity enters the system, and, credits are found to be extreme, debtors have been excessive in purchases, or money is made less in volume, then transactions will fluctuate, credits will come to the ultimate margin of returns.

In true correlation of credits, of banking. of trade and production, exists the steady force of general welfare.

CHAPTER XX.

OF THE BEST CONDITIONS OF RELATIONS.

Looking to the breadth of unit endeavor, and to intensive production, as vigorous means of demand and supply, values and revenue, men devote their skill and endeavors to the production of adequate means to such worthy ends.

Just as the industry using the best economic principle, employing the best productive methods, and coordinating the elements of production, makes for very great advantages in the production of revenue, so the best system of relations must prove itself worthy of consideration in the general production of revenue.

The chief principle of external relations of industry is service, because the principle that unfailingly return the means of reproduction and extensive relations. The principle of external relations for the tiller of the soil, for fabricators, merchants, labor, in relations with each other, should be equality of service. This is a principle of some importance because unlike kinds are dependent upon each other. If such a system shall thrive, adequate returns must be the general rule. If proper money is returned for proper commodities, there is returned proper means of future operations. Money, an extensive means of relations, must return proper equivalents; credits, it is self evident, must be capable of rendering service in the present for the future; quantity in things must be in due proportions. Variations in space and time make it essential that least variation exist in the matter of service rendered for service rendered. No better regard for the interests of active men may be expressed than in the economic principle of mutual service.

"In a country which has neither foreign commerce nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, consumes the whole in rustic hospitality at home." A country is in this condition because given to least variation of activity, and it is given to least variation of activity, for the most part, because a great deal of the activities of life are devoted to spoliation. But when men settle in towns, and means of travel and communication are effected, the tillers and the merchant are active in the exchange of varient kinds of things. The tiller is then stimulated to greater variety of activity; and so is the fabricator, the merchant, the laboring hand.

Whatever tends to promote the relations of men tends to promote the mutual relations of men. The means that promote contact and contract advance the activities of mutual service.

The matter of efficient service by effective means and methods of mobility is the evident matter of service of variable kinds and elements in the most consistent manner. The crude crops of the west are moved to the east in such a manner as to make the utility very effective. Cotton produced in the southern section of the United States is distributed to the markets of the world, in such a manner as to create no disturbance in the logical order of supply and demand, even for commodities made from that raw material. Such bulky stuff as coal, different ores, and many kinds of rocks, are so distributed as to make the supply accord with the demand.

The means of effecting these services must of necessity be of very great consideration. By such means new forms and fashions, originating in one locality, are easily and quickly introduced into many localities. With the effective service of a highly organized postal system goes the influence of contact and contract, regardless of space and time. The electrical appliances of modern times makes all the world a community. Make a good thing "and the earth is made of glass" Highways, the mediaries of physical movement, are the means of leveling all differences. Railroads, ship lines, canals, all join in the progressive march of individual activity. Whatever tends to advance the relations of men tends to advance the conditions of production and distribution. When mobile means are free and easy, the world lays its wealth at every door.

A comparative reference will reveal the wonderful utility of means of relations. Those ancient days that were without many advantages of communication, were less prosperous than later times, and those communities bordering rivers and seas more than inland communities. Along the river Nile, in Egypt, existed early civilization, because of the means of tillage and movement. And Grecian civilization was a civilization brightened by the rub of relations of industry that arose from advantageous location for sea traffic. Ancient Rome reared its glory as much upon location for trade and the development of roads as upon its armies.

Is is said that Plato advanced the idea that the principle of gaining wealth is not the ability to satisfy many wants, but the ability to limit them and have few to satisfy. But this opinion does not run true with the great variety made out by modern civiilzation, and the larger consequent means of gaining wealth. Means of moving things have made variety in commodities general, wants extensive and the accumulation of wealth diversified.

With the ease of moving things goes extent of trade and commerce. With the improvement of inland means of transportation, trade extends more upon land. When the ancient Romans extended their system of roads over the ancient world, they also extended their system of trade and commerce. Roads and canals built in western Europe, in later times, increased the means of communication and the means of rendering extensive services, with a variety otherwise out of the question. By effective roads, leading from city to city, from village to railroad stations and canal banks, France improved the service of various trades and so multiplied wants as to increase wealth. Then came effective railroads, and with them the means of reaching out into distant realms of multiplied kinds, and bringing them into juxtaposition, so that variation made for variation and kinds worked out kinds with an interwoven net work of dependence and trade.

So with steel rails threading their way to the broad fields of inland territory and marts of trade, and steamships ploughing their way over all the seas, there exists the greatest possibilities of production. The greatest possibilities exists because there exists effective means of distribution. The delicate fruits of the south are then placed on the markets of the north for very much less than the northern market could produce them. But, then, the climatic conditions of the north are much more favorable for the production of that essential element, wheat, which may be placed on the markets of the south at a less rate of cost for the utility. France and Italy, in the production of silk and silk goods; England, in production of various kinds of cloth; the United States, in the production of cotton and wheat, following their peculiar advantages, are enabled to exchange them with each other to their mutual advantage. Each, in such advantage, renders to each a necessary service. Different localities, when means of movement are most serviceable, afford the means of reducing the disadvantages of each.

That which is efficient and effective in the movement of things, tends to make variations in production least variable. By ample means of movement, there exists ample means of effecting the greater from the less with least expense and least waste of time. Even if production is carried on by the individualistic, and there still remains individual territory, there is much relief to be found in ample means of contact and contract.

The great advantage of this convenience may be observed in segregations and adoptabilities.; for it is manifest and plain that localities vary with regard to the advantageous production of kinds. The advantages of soil and climate, of power and labor, of materials and machines, are positive advantages of locality; advantages that must operate extremely well for the favored locality, since it must be unprofitable for the unfavored locality to produce the samc thing. The consideration of bulk is a consideration of location in the production of less weighty things. The consideration of power is a consideration of the source of power. The consideration of labor is a consideration of both labor and raw materials. Raw materials are an essential factor in this regard because labor may frequently find it to great advantage in following industry when sources of raw materials, as well as of power, dictate and require. Men have to consider the best location when they consider the production of utilities. Unless the means of moving things are like Demetrius, levying upon the Athenians, producers may well take into consideration the utility supplied in the location of production. By ample means of movement, men are able to fully coordinate the utility of location in production and the utility of means of moving utilities, of moving them so as to conserve and advance the production of them.

In this lies the greatest possible utility of all; for here is the ageeeable fact of wheat as less utility moved at least expense, for the production of a greater utility, flour. And what may be said of the agreeable utility supplied by such means to flour, since it is a manifest thing that the greater product, bread, may be conveniently produced anywhere. Everywhere, bread turned from flour may be had. The greater and the less, in whatever the form, express the reality of service when the fact of mobility is serviceable.

And this means the support of the individual as unit enterprise, because demands are made sufficient for the support of least effective producers, whether in a locality producing similar kinds, or in another, producing unlike kinds The least effective producer is able to produce in the favored locality at less cost than a more effective producer in an unfavored locality; at less cost than a more effective producer carrying on his affairs in a less favorable locality. When distance is abridged by efficient means and methods, all the movements of variable advantage must operate to effect those supplies which will not fail to support the most expensive means and methods of production.

If mobility is what demands for it require, demands for commodities are met by proper supply. The fact of proper supply of things to move effects proper conditions of movement.

There is no production in merely moving things. Production is of the thing. The demand is for the thing because it is useful in the satisfaction of human wants. To this extent demands will always go, if there is no supervening cause to hinder. The means of moving things cannot be regarded as primary means of merely making wealth for the means. The primary source of wealth is the production and distribution of commodities.

The whole consistency of mutuality in the means of moving, as well as in the things moved, rests upon the principle of service What will be the return for commodities? Of course it will be according to the demands for them, The service by the means should not interfere with demands for commodities and the ultimate demands for means of movement, which is revealed in the position of the least effective producer. Returns to production should be sufficient to support the least effective producer. The means ought not become the ends.

It is impossible that the means become the ends because industry is dependent as well as interdependent. Wherever demands exist for the production of things by dependent producers, there is no more palliation for indirection in means of moving things than there is in the making of things because both lead to defective demands.

It must be manifest, then, that the fact of greatest utility as to the means of moving things depends upon the all essential fact of reasonable rates for the service rendered. The rates are reasonable when admitting of extensive mobility; that is to say, when the demands are freely supplied by the marginal producer. When the marginal producer is supported by demands, there is traffic for the support of the means of moving things because the greater cost is duly supported.

In means of mobility inferior activity may find support in volume of traffic but not in an increase of rates, because an increase of rates means destruction of marginal producers, decrease in demands for commodities and an ultimate loss of revenue that must destroy the inferior in means of movement. On the other hand, ultimate demands for commodities tends to augment and promote the means of transportation and communication, because all the forces of production are engaged in a manner the most diversified and extensive. The rates are reasonable because the traffic is large, and the traffic is large because the rates are reasonable. The capacity and ability to produce is so well interwoven with the means of movement that these means should always be adopted to the ends. Says another, "every cheapening of means of communication, every new facility for the free interchange of ideas between distant places, alters the action of the forces which tend io localize industry. Speaking generally, a lowering of tariffs or of freight rates, for the transportation of goods, tends to make each locality buy more largely from a distance what it requires." By increased volume of traffic, in the case of any efficient system of moving things, there is an increase of revenue to the means, without a corresponding increase of cost in operations, which means a decrease of rates with an increase of freight becanse the only means ef support to the marginal producer.

That public utilities should make themselves useful to men is only to make out the logic of their existence. Neither producers of forms nor servants of their exclusive selves, they are the means of serving others in the convenience of relations.

The retail element makes out greatest utility by locations of greatest contact and contract, and the best location will ordinarily make out superior revenue; yet there is no doubt that with effective management and efficient means of relations there are conditions of favorable revenue.

With regard to that element in merchandising which acts as mediary between fabricators and retailers, the wholesale element, it is manifest and plain that the elemet of contact and contract is a very important one. With proper means of contact and contract, the problem of location for the wholesale element is diminished.

With regard to fabricators, it is not seldom that fabricators find themselves confronted with the necessity of compromising the situs of supply for raw materials and the base of power. The stragetic point of location is largely dependent upon the effectiveness of efficient means of contact and contract.

While less favorable land may produce less in kind than more favorable land, yet for particular kinds this sort of land will find ample support if the means of extensive demands prevail.

So long as matter may assume form and return again to that invisible substance from which it comes, so long may men form matter into various utilities; and they do this best when the substances and elements which enter into the composition and production of commodities may be assembled in reasonable convenience of movement and cost. The fact of production and reproduction is the deductive fact of effective means of contact and contract.

Such as this is by far superior to the major proposition that means of public service must have priority in the making of revenue. When such means are made subordinate to the primary considerations of production, then the major proposition coalesce with logical condition– that effectiveness of nature which make dynamic forces. The dynamic forces of production enlivens the spirit of intelligent activity and unfolds in the driving activity of industry.

In this regard it is important to refer to the modern mortor car. These vehicles of movement afford comfort and protection to those who use them as well as convenience in the movement of men and things. They are wonderful utilities. The possibilities of use are almost unlimited. But the use is limited not by the owners but by that blind egotism that hedge the use for the sake of ancient means. By reason of more unreasonble laws than reason is able to count for, by prevention of reasonable laws and the hinderance of ample developments, the chief of which is public roads, there is undue limitation of use.

Highways are of very great utility to all the interests of society. With effective vehicles to move over them, the utility is increased enormously; and with an increase o the fmileage there is still increase of utility, which, unlike railroads, continues to increase as mileage increases. Besides, a well constructed road is not so expensive to maintain as a well built railroad. But a road built under contract is more of a burden than a benefit.

The modern truck is a very great step in the diversification of relations amongst men. It moves heavy machines, raw materials, finished products, in great bulk, and in less time than ever before. With these trucks a constant stream of activity may be maintained between different localities. Different kinds of industry and different activities may be advanced and maintained. Between factory and merchant; tillers and consumers, these modern utilities are very considerable factors, All the bulky materials requiring movement are now moved with least delay aad cost. All the commodities of merchants are moved with great ease and volume, All the varied products of varied localities are made available and accessible to each localitv, in convenience and ease, when highways are effective and mortor trucks are efficient.

But railroads are an essential factor in this divergency of distribution. Efficient in service, these uitlities display their worth in the great extent of activity they lend to other means of movement. Taken together in effective coordination and consistent correlation, those means of trade are made out that prescribe no limitations to the dynamics of human relations.

Add to this an efficient systsm of waterways, with an efficient system of coordination and correlation, and the means of relations amongst men are increased to the point of highest concern for the interests of the state. But when railroads are permitted to minimize the use of waterways, then nothing could be worse for society; and no well organized state, possessing an efficient government, will permit anything of the kind.

In proper regard for the utility of all the means of communication and transportation, there is then trade and commerce with all the localities of the world. Every possible locality may easily enjoy the things produced by every possible locality, and that. too, at a cost somewhat less than by any one system alone. In the coordination of them all exists the effectiveness of each, and in the effectiveness of each exists the greatest use and service of all.

The virtues of such a system are; the maintenance of equilibrium in demand and supply. If any locality is deficient at any time in supplies of what is required for consumption, or if crops fail in a particular locality, or production is slow in one locality, there is not only another locality in which crops are normal and another in which production is active, but there are the means for sending the needed crops where fabrication is active.

Such a system tends to prevent waste. What is refuse from production in one locality may become elements of production in others. The waste matter of production increases with the decrease of service in the field of mobility.

With efficient means of communication, the most effective means of stimulating the arts exists. Arts and knowledge are advanced. Ideas are multiplied; isolation is banished. The last vestige of the primitive and the crude give way to the civilizing forces of mobility. The world is open to a greater vision.

That which delimits space and time creates interests not otherwise object of attention. Men interest themselves more intensively than otherwise; study their problems more effectively and are greater and better actors in the drama of life.

CHAPTER XXI.

OF RELATIONS BETWEEN COUNTRY AND TOWN.

A human genius wrote a fable that portrays the unbalanced activity of a gardener, who, to satisfy what he thought were the wishes of his master, used so much water for growing flowers as to destroy fish in the pond, and, finding this caused displeasure, so neglected the flowers, for sake of the fish, that the flowers all withered away and perished. And so with regard to the relations of country and town. There must be injury to either when there is advantage of one over the other. There is not much advantage for either when there are only nominal relations between them.

Let the business and relations between the men of a city be with its own inabitants only, and it cannot be successful; or let it be only with cities and there must be disaster. The city is dependent upon the country; but the country is dependent upon the city. It is by no means indpendent of the urban communities.

After the fall of the Roman Empire, the country was largely devoted to its own pursuits. At the same time there existed urban activity of a very limited kind. Neither city nor country were very active because they were rather too independent of each other.

Though with the introduction of new ideas and novelties from the East, and the building of means of movement, large cultivators began purchasing things from towns, and wasted less in supplying gratuities. The arts and crafts of the towns attracted people from the country. This process of change contined until it shook the founations of the old order of things. The French revolution destroyed in France the remnants of the feudal rystem, and made small tillage a matter of considerable importance. The activities of Napoleon, in extending roads,blazed the way over the activities of Colbert, who had given towns advantages over the country.

The legislative activities of England, in sweeping away the the onerous conditions of the feudal system, stimulated activities in the country to a degree, and with the improvement of roads and water ways, along with the conditions of fabrication, relations between country and town developed to a great extent. Yet the towns advanced ahead of the country, due largely to the continuation of large landed country estates, held intact by a system of inheritance, but in part to the increase of the arts and the larger opportunities of the individual in the towns.

The system of America is one of medium size tracts of tillage, held in fee and distributable to heirs. The result is some consistency of country activity, as compared with the activities of towns.

In the development of means of movement, the fabricating arts are developed because there are full and ample means of dependence upon the country. The city comes in larger scope of activity, with those arts, those conditions, perfected by the experience of men, which make out dependence of the country upon the city. The city produces what is not produced by the country. It produces ideas and ideals. Scientific means and methods flow from the city. And in tbe cities are gathered products from other soils and climates, which can not be had by local tillers save by purchase in the local market. There is a general differentiation that makes for relations between the country and the city.

The tillers of the locality carry their peculiar kinds to the neighboring market and exchange them there for ready money, and are ready with this cash to procure from the merchants the various commodities they require. The variety of kinds in varient endeavors effect mutual relations and reciprocal benefits between the city and the country.

So it is plain that the tillers of the soil come to live with the harmony of the times. They are active elements in the social life of the community, not self sufficient producers of all they consume. The country supplies the raw materials of fabrication and the means of subsistence. It also supplies the fresh vigor of human action. It receives in return the fabricated commodities, the various elements of production and the enthusing ideals that tends to make progress.

The city and the country are great helpmates; and they cooperate most when they are most sympathetic and mutual. They produce most, exchange most, and have most left, when each is consistent with each, and return to each those values which demands effect and require.

But there may be conditions that make agricultural interests the subject of adverse consideration. The efforts of the tillers of the soil are properly the efforts of the individual. The consequence of this is that the individual often comes in contact with the individualistic. The result of this contact of diverse interests is that proper returns are not made to the country. The country is reduced in purchasing power.

It is for this reason that associations of agriculral interests are organized. The laws of compensation require that some means prevail for meeting the advantages exacted by monopolies. There are organizations of all for the protection of each against the organization of a few in exploitation of all.

The individual farmers organize; and by this organization tend to preserve the individual powers of reproduction. They maitain, or endeavor to maintain, the returns most consistent with natural demands. They are in those activities that make for the proper distribution of commodities. They have a system of price quotations, as well as the means of conservation of surplus products; and they make out what could not otherwise be made out because a season of abundance is made more distributive in proper time. Ability to supply the required commodity at the proper time in the place wanted, is ability to market commodities according to real marketable values.

The national grange system, with systems of a kindred nature, and the federated elements of all this social adhesion, have for their object the consistency of relations.

The country, conserving the forces of reproduction, reflects its worth and value in the reality of cities. So, too, the city develops in great vigor of activity, and reflects the worth and value of the city. Illinois is a progressive state; and Chicago is a progressive city. Louisiana is a sugar and cotton state, New Orleans is a large and thriving city. California and Florida, are states producing excellent varieties of fruits, and the wealth produced aid the conditions of city life.

In the existence of the city there is the great fact of great convenience of trade Indeed, the city is the mart for all the country things produced. Wool is received in the city and turned into cloth and clothes ready for the use of the country, as well as cities that produce no clothes. The development of manufactures, and the development of cultivation, is an essential consideration in the promotion of industry. The city and the country are most reciprocal when both develop their capacities of production, along individual lines. Then it is that there is most wealth in both city and country. More is then wanted and more trade takes place.

It is self evident that on account of the varient utility of the agriaultural and the manufacturing, the city and the country are naturally and logically sympathetic. In the coordination of the varient interests concerned, and the cooperation of city and country, there is by far the best condition of each and the largest volume of relations between each and all. The benefits are then mutual because what extends the tillage of the soil extends the interests of manufacturers, and what extends the interests of manufacturers necessarily extends the interests of the tillers of the soil.

Society is most coordinative and cooperative when individual. From reasonable size tracts of land, neither so small as to create a peasantry, nor so large as to create a landlord class, there flows the richest harvest of production and mutual relations.

A great variety of kinds is produced; a great deal of trading is both a necessity and an advantage. It is incumbent upon the interests of society that no urban system prevail tending toward diminishing the returns of the tillers of the soil. It is the part of prudence, the ultimate welfare of all urban interests, that the country be prosperous. While the country and the town are mutually dependent yet the basis of strength is the country. The country is the root of the oak that sends forth a strong and noble tree of industry.

Whenever anything strikes at the root of the oak it naturally withers. "It is remarked by another: The manufacturing or employing capitalists paid the people who worked for them, and the merchants paid the farmers for their products in tokens called money, which were good to buy back the blended products of all in the market. But the capitalist gave neither the wage earner nor the farmer enough of these money tokens to buy back the requirements of the products of their labor." In other words, now as then, high prices paid to monopolies for the commodities they produce, and the low wages and prices paid for country products. make out now, as then that condition in which a few are able to take advantage of the many, and, in doing so, cripple the capacity and activity of all the elements of activity in society.

Any means of favor, of advantage, either by individuals or by govenment, towards one or the other, in favor of either country or town, must promote one at the expense of the other. No system may well be wholly agrarian; neither may any system be wholly manufacturing. Even in those small states that must necessarily depend upon manufacturing as means of increasing industry with increase of population, there ought not exist any particular privilege of manufacturing over the tillage of the soil. Neither should particular favors be extended to the tillage of the soil because the state embraces a large area of territory. If favoritism is shown for manufacturing, enabling that element to secure crude products low and dispose of finished products high, the final consequence of such an inconsistent course is a diminution of vulume in country products. The repeated effect of this unwise course can only be the desertion of the country for the city; and this, it must be plain. can only result in an idle and shifting class of inferior labor, very costly to maintain even when put to work by government.

In any normal condition of social life, the population of the country must always be greater than the population of cities and towns. And this is manifest not only because the country is greater, but of more importance still, the country affords the original means of ample endeavor and subtistence. The city produces only from what is from the country; and while it multiplies forms of those that are crude, and effects greater quality and greater utility in direct consumption, yet, like the source of all demands, the wages of labor, land is the source of all commodities. Indeed. no great state; no great industry, no great progress, is possible, save with that system which makes it possible for the land to be amply cultivated; and in this regard small tract tillage by independent producers is a very great means to a very great end. Then a very consistent means of both 'consumption and production exists. There is more production because more are engaged. Most producers are capitalists in their own cause making out their own kinds.

To observe broad fields of land under cultivation, to note the great activity of tillers; to behold the wonderful activity of cities; to admire the tremendous operations of means of transportation, the very agreeable effect of great demands, of great variety, and the varient comqlexity of a great unit system is that not a counterpart of the excellence of nature, an inspiring and elevating scene that lifts men from base animal life to the heights of rational existence.

CHAPTER XXII.

OF RELATIONS BETWEEN NATIONS.

In addition to relations between country and town, there are relations between nations.

And in this, society conforms to nature also; for as atoms have an intra activity as well as an activity between atoms, society has an intra as welll as an inter activity.

The continuing reference to social life is the activity of the individual. The object of social life is the occupation of the people. The individual is best occupied when the variety of activity is large. It is large when the people are able to engage in those activities which the conditions of nature offers them. Nothing can be more natural than this, because nothing else can be more natural than that individuals possess those opportunities which nature supplies.

It must be plain that within a State possessing wide areas of territory and many divergent kinds of soil and climate, a great system of communication, there must exist a very great extent of capital, engaged in a vast extent of varied production and distribution.

But intelligence will count over inferior methods regardless of size. Intelligent people will achieve wonders even in limited territory. The French and the Germans are intelligent poople, too intelligent to war with each other. They produce tremendous yields from the acreage cultivated. Russia, a less intelligent state, is not so resourceful. The State possessing limited domain but superior skill finds ample support for its inferior means and methods. It is able to press into service qualities that cannot be enployed in less intelligent states because of the cost of production.

It is manifest that such a state will prove its distinction for the production of many superior qualities. It will be in a position to exchange many commodities with those states that produce surplus commodities due to extent of territory and natural conditions of production. So, manifestly, the territory of a country should be fully developed. It will then be more able to trade. A State may promote a great variety of kinds, carry its activities a long ways to self sufficiency, but it will find some kinds in the production of which nature, location, or some special aptitude, yields advantage over others.

It may be the case, however, that even what can be produced within the society is not produced within it, or, if produced, produced at excessive rates of cost. Then, of course, the capital employed within a country is not scientifically employed. Then a State is apt to trade with foreign states much. A manufacturing State will produce many articles for such a State.

It is possible that advantages may be produced in the production of some commodities and the purchase of others. The less is brought in by means of the greater. But it must be a very inferior condition of things that requires the sending of a great variety of kinds for the return of a few highly priced commodities. Foreign replacements, beyond a certain point, are the same thing as incapacity to produce.

It may be the case that domestic demands for commodities may be insufficient for the production of a particular commodity; and then it may be well to purchase from other states. It may be just enough to produce some and import others; it may be strong enough to produce all and import none. The State that imports that which it can not produce to any great advantage, finds a saving in producing that which it can produce to some advantage, disposing of these to states that want them and purchasing whatever it cannot produce to any advantage. The State that produces oranges may find it advantageous to purchase wheat. Potters clay, said to be peculiar to England; and Potash, said to be peculiar to Germany; nitrate, said to be peculiar to Chile; phosphate, said to be peculiar to the United States; diamonds, said to be peculiar to South Africa; Gold. said to be peculiar to Australia, are instances of those peculiar advantages enjoyed by particular nations that makes it likely the best means employed in a less favored country will fail to produce the same kind at the same cost as the least effective producer in the favored locality. If the best methods equals the worst methods, the least favored country should produce, because the supply is in demand and the returns support reproduction..

The fact of distinct advantages gained by international trade is observed in the bare fact of importation of coffee for the consumers of the United States, and the advantage gained by Brazil in the importation of cloth from the United States. Or, indirectly, the advantage of exporting American cotton to a country like England, of importing Brazilian coffee, and settling the accounts in England with cotton, is one of mutual benefits.

If demands are strong enough to support least effective producers in England, what is produced in kind elsewhere will find attractive returns there because the whole cost is least. If the demands for wheat are sufficient, wheat may be imported from America or from Russia. It may even be that English soil will yield greater revenues in the production of other things and leaving corn or wheat to be imported. States are dependent upon each other for what they can not produce to advantage as well as what they cannot produce at all. "The most advantageous employment of any capital in the country to which it belongs, is that which maintains there the greatest quantity of productive labor and increases the most the annual produce of the land and labor of that country."

The full development of advantage in states is the same thing as divergent activity in the contry,– both sides gain in the greater cost of producing what may be purchased for less.

But the actual conditions of production in some countries of the world are disproportions in wages. That nation which pays low wages to its own employes impairs the value of its own market as well as that of other markets. Injury results because the purchasing power of the producing state is very low, and the markets invaded are in like manner affected because wages there are not only reduced but employment is cut down, while the employment of capital is shifted from the higher scale to the lower scale territory, going so far to occasion the removal of wole establishments from the low to the high scale territory. This artificial system of production ought be met some way. Production of commodities sould not be on a scale of low wages entirely but according to demands for both labor and commodities. An effective way of meeting a situation like that is the substitution of a tax on the importation of such commodities for the difference between the low and the high scale of cost. This is required by the laws of compensation, because there is conflict in the rates of cost for the same kinds and qualities.

In the consistent promotion of domestic industry there exists the consistency of opportunity, not only in the country promotiong that industry, but what is of equal importance, in the territory having goods to sell, because there are effective demands for what is wanted.

The difference of natural advantages in the natural cost of production is an element of advantage that makes for the exchange of commodities because the advantages may limit or forbid the production elsewhere.

When production is along lines of like means and dissimilar kinds there is consistent grounds of exchange. But this may be the case when unlike means are employed in the production of like kinds, not on a scheme of high and low costs but on account of inferior management and grade of means.

The circumstances and conditions of a country enforce the production of particular kinds to advantage. In the production of them there is what is in demand by others. It is not to be supposed that nations enter the field of commerce without considrations of mutual advantage. That which each parts with are sent in satisfaction of wants.

If no artificialities exist the cause of national dissatisfaction is limited, and history is written in terms of society and not in terms of struggle.

CHAPTER XXIII.

OF PROGRESS.

The individual precedes production and the increased means of wealth. The individual is the cause of betterment in human condition.

Mankind characterizes superor qualities of nature by superior condition of existence. Rational men mark themselves superior to struggle by the marks of superior genius. The lowest condition of man is higher than the highest condition of lower animals. We observe in man the capacity to invent means and methods; while we observe, at the same time, in lower animal life, the same static condition of every age. Mankind improvs condition; the lower animal does not.

When we observe the operations of nature we are reminded that proportion is the the scheme of operation. And there is some consideration of the essential means to ends. There is only what is required for the end. There is just that proportion of the necessary kind which effects the particular combination. In this respect the activities of man are somewhat similar; for the activities of mankind are as proportioned in the means. There are consistent means to consistent ends.

There is that proportion of human endeavor that makes men a great deal more than struggling animals for here is activity that makes out more than man consumes. So it is a self evident fact that man is capable of improving his condition, and, being so capable, should never substitute any sysem of activity for the intelligent activity of the individual.

The individual, and not the individualistic, is the real element of progress, because the individual and not the individualistic, is the element most akin to nature in the activies of production. It is only by the individual that efforts of human beings are so exerted as to make out the best application of labor and materials to the end proposed; for it is only by the individual that the genius and skill requisite for betterment of human condition may exist.

So we must admit that it is only by the individual that progress is possible, for it is only by the individual that the real fact of progress is made out, that means of betterment are created. In arts and inventions; in science and in mechanics; in effectiveness and efficiency, the individual is the beginning and the end. That reason is exerted which makes the reason for exerting the will.

It is only by the individual that the will to act is in accordance with the laws of nature; it is only by the individual that men perceive needs and engage proper means to proper ends. It is only by such means that men are enabled to accumulate means of activity and to engage in the activities of life in such a manner as to include all and exclude no one. It is only by such means that men who come into the field of activity are able to advance from inferior position to superior position, to better the conditions of production and existence. There is an increase in the means, an extension of diversity, a broadening of opportunity. "As the opportunity has been more and more fully secured to the individual, to follow without restraint of class privilege, or birth, wherever his capacities and abilities lead him, so also have features of vigorous enterprise, inindomitable energy, and restless activity, which distinguish the leading branches of the European people become more marked."

Progress results not from the exclusion of men in activities of production and distribution, but from the inclusion of men in variety of means and methods. As stated by another; "Progress results not from the crowding out of the lower classes by the upper classes, but on the contrary, from the steady rise of the lower classes to the level of the upper classes as the latter tends to vanish, or. at least, barely holds its own." For, as remarked by another: "No sooner do men find that they can subsist than they discover a desire to improve their situation and increase their accumulations". And this human trait it is that makes for progress, for this human element is the cause of all the exertions that make for inventions, diversified productinn and great relations. From the crude conditions of nomadic tribes to the settled condition of social man; from the primordial condition of crude society to the effective condition of civilization, exists those traits of human wisdom that means the individual and his development.

Class privilege, tending to fix a few men, who have gained advantages over most men, in a solid position of defiance and oppression, is the most inconsistent position that may be found in what may be termed society. It hinders progress because it prevents renovation and improvement. The old order changeth not though new means are vastly superior. No new vigor and no new blood; no new principles and no new ideals, enliven and better conditions of men. Privilege holds to what it has because what is new will overthrow the privilege.

Let us carry this idea further, with the views of Mills. He says: "One people may keep another as a warren or preserve, for its own use,– a place to make money in; a human cattle farm, to be worked for profits." But this is not the state of real social condition. It never can be admitted that the use of men and things, merely for the opulence of the few, makes out the best conditions of production and distribution.

The capitalistic system had its origin in the false notion of capacity to return money was the only system worth while. This is an old, decrepid notion, sanctioned by uncivilized states only. It holds in some states in the form of great monopolies, but it is not sanctioned by enlightened conditions because totally adverse to them.

The object and central idea of such a system is money. If industry exists, that industry must be so managed as to get money, without reference to the means, and regardless of effects. If an industry happens to be inferior, it is looked upon as worthy of no respect, and instead of opportunity to better condition there is discouragement and destruction with individuals used as means to very selfish ends. The end is money and not wealth. So the natural consequence of such a system is the limitation of production and distribution and not multiplication and expansion.

Such a system means the sacrifice of the greatest number in welfare because the means of production are limited and the purchasing power of the community is reduced. Great machines take the place of great many men and production moves for the few in making money and not for the many in the betterment of condition and the production of wealth. Instead of the best occupation of the many the opportunities are closed, and most men are only money earners. The people are in fact dependent upon the capitalistic system for employment, and that employment is meager in both wages and the number employed.

Such as this is not progress. Progress means the opportunity of all to engage as independent producers, including least effective producers, constantly bettering condition, with that constant invention, that constant multiplication of means and kinds, and that inclusion of natural resources which effects the greatest use of men and things

So we may well say tnat only by the individual are proper means and methods of social life created. By the individual the proper stimulation and dynamics are always present. By the individual there is always and continuously that cooperation making out the greatest possible conditions of production of wealth.

Then, it is manifest, the evidences of progress are principle of making the whole product useful as possible? "The consideration of equity and justice are the same as society, for the fact of true society is the economic fact of mutual relations and reciprocal benefits excluding all notions of undue advantage and disproportions in production and distribution.

Progress means individual cooperation and co-ordination. Advance means the forces of all the individuals of the society directed towards the highest attainments of human reason, a height attainable only by the combined forces of all.

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